

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

----- -X	
NESIM BAHAR, SIMON ELIAS, JACQUELINE	:
M. C. ELIAS, IZAK SENBAHAR and SARAH	:
SENBAHAR,	:
	:
Plaintiffs,	:
	:
v.	:
	:
UNITED STATES OF AMERICA,	:
	:
Defendant.	:
----- -X	

ECF Case

08 Civ. 4738 (WHP)

**DECLARATION OF
DAVID KUSMIREK**

DAVID KUSMIREK, pursuant to 28 U.S.C. § 1746, declares the following under penalty of perjury:

1. I am employed by the United States Department of the Treasury, Internal Revenue Service (“IRS”), as a revenue agent in the Downers Grove, Illinois office of the Internal Revenue Office.

2. I submit this declaration in opposition to plaintiffs’ motion for a preliminary injunction. The information set forth in this declaration is based on my personal knowledge and information contained in the files and records of the IRS which I reviewed in the course of my official duties.

3. Plaintiffs Nesim Bahar, Simon Elias and Izak Senbahar are alleged direct or indirect partners in a claimed partnership known as Kislev Partners, LP (“Kislev”). Simon and Jacqueline Elias are an alleged married couple that filed joint federal income tax returns for the tax years 2002 through 2004 (Mr. Elias filed a separate tax return for the tax year 2005). Izak and Sarah Senbahar are an alleged married couple that filed joint federal income tax returns for the tax years 2002 through 2005.

4. On or about October 29, 2003, Kislev filed a Form 1065 U.S. Return of Partnership

Income for the 2002 tax year. Kislev claimed a basis of \$142,016,024 in 1,377,500 euros, and recognized an ordinary loss in the amount of \$140,636,109 from sale of the euros. Kislev reflected the sale of the euros on its 2002 Form 1065 (Schedule L, Line 8, Statement 4) by showing a beginning balance in foreign currency of \$142,033,583 and an ending balance of zero. Kislev attempted to “defer” most of this alleged loss by reporting an alleged loss of only \$6,551,884 on line 7 of its Schedule K (a schedule of partners’ distributive share items attached to the Form 1065), while reporting an alleged “deferred loss” of \$134,084,225 in Statement 5 of the Form 1065.

5. Plaintiffs also filed personal federal income tax returns (Forms 1040) for the tax years 2002 through 2005 in which they reported their respective shares of the partnership loss Kislev had reported on its partnership return for 2002, including the loss “deferred” by Kislev in 2002. Specifically, plaintiffs reported the alleged Kislev partnership loss as “Other Income-Section 988 Loss” for the 2002 through 2005 tax years, as set forth in Table 1 below.

Table 1: Share Of Alleged Partnership Loss Reported By Plaintiffs By Tax Year

Tax Year	Bahar	Elias	Senbahar	Total
2002	655,188	2,948,348	2,948,348	6,551,884
2003	4,165,409	18,744,341	18,744,341	41,654,091
2004	460,108	2,070,482	5,594,299	8,124,889
2005	3,276,681	14,745,058	14,745,058	32,766,797
Total	\$8,557,386	\$38,508,229	\$42,032,046	\$89,097,661

6. By reporting these alleged partnership losses on their individual tax returns, plaintiffs’ respective tax liabilities for the 2002 through 2005 tax years, not including interest and penalties, were collectively reduced by more than \$33 million, as set forth in Table 2 below.

Table 2: Decrease In Plaintiffs' Respective Individual Tax Liabilities Resulting From Alleged Partnership Loss By Tax Year

Tax Year	Bahar	Elias	Senbahar	Total
2002	0	265,039	0	265,039
2003	1,320,212	6,467,398	5,995,750	13,783,360
2004	0	0	1,979,041	1,979,041
2005	1,584,834	6,937,184	9,245,328	17,767,346
Total	\$2,905,046	\$13,669,621	\$17,220,119	\$33,794,786

7. On March 28, 2007, the IRS mailed a Notice of Final Partnership Administrative Adjustment ("FPAA") to Mr. Senbahar, in his capacity as the tax matters partner for Kislev, making adjustments to Kislev's partnership items for the 2002 tax year. See Compl. Ex. A.

8. The FPAA disallowed the alleged deferred loss of \$134,084,225 and the claimed loss of \$6,551,884 for 2002. Id. at 6. The IRS found in the FPAA, inter alia, that it had "not been established that [Kislev] had any basis in the distressed assets." Id. at 9. The IRS further found that Kislev and its purported partners "were shams for federal tax purposes." Id. at 8.

9. On or about August 22, 2007, Kislev, by and through Mr. Bahar, filed a complaint in the United States Court of Federal Claims pursuant to IRC § 6226 seeking readjustment of the partnership items adjusted by the IRS in the FPAA (the "CFC Complaint"). On or about May 14, 2008, Kislev filed a First Amended Complaint in the Court of Federal Claims (the "Amended CFC Complaint"). A true and correct copy of the CFC Complaint is attached hereto as Exhibit A. A true and correct copy of the Amended CFC Complaint is attached hereto as Exhibit B.

10. Pursuant to IRC § 6226(e)(1), Mr. Bahar was required to deposit with the Treasury the amount of the increase in his tax liability that would occur if his returns were made consistent with the FPAA. If the partnership items on Mr. Bahar's 2002 through 2005 returns were made

consistent with the partnership items on Kislev's 2002 partnership return as adjusted by the FPAA, Mr. Bahar's tax liability would be increased by \$2,905,046, exclusive of penalties and interest. This is a mathematical recalculation of Mr. Bahar's tax liability without the distributive share of the disallowed partnership loss claimed on Mr. Bahar's returns. On May 9, 2008, I prepared a declaration in support of the United States' motion to dismiss the CFC Complaint further explaining this calculation. A true and correct copy of my May 9, 2008 declaration with exhibits is attached hereto as Exhibit C.

11. In December 2007, the IRS made computational adjustments to plaintiffs' respective tax liabilities for the 2002 through 2005 tax years reflecting the amounts they would owe if the partnership items listed on plaintiffs' individual returns were made consistent with the adjustments made by the FPAA.

12. Specifically, the IRS made computational adjustments to the plaintiffs' respective tax liabilities, excluding penalties and interest, as follows: (i) \$17,200,119 as to Mr. and Mrs. Senbahar (\$5,995,750 for 2003, \$1,979,041 for 2004 and \$9,245,328 for 2005); (ii) \$13,669,621 as to Mr. and Mrs. Elias (\$265,039 for 2002, \$6,467,398 for 2003 and \$6,937,278 for 2005); and (iii) \$2,905,046 as to Mr. Bahar (\$1,320,212 for 2003 and \$1,584,834 for 2005). The IRS arrived at these amounts by performing a mathematical recalculation of plaintiffs' respective tax liabilities for the 2002 through 2005 tax years without the distributive shares of the alleged partnership loss disallowed by the FPAA (listed on Table 1 above). In other words, the IRS changed the amount of alleged partnership loss claimed on plaintiffs' returns to zero and recomputed their respective tax liabilities based on that change. This is the same computation the IRS used to calculate Mr. Bahar's IRC § 6226(e)(1) deposit. Thus, the computational adjustment to Mr. Bahar's tax liability is the same amount as his jurisdictional deposit.

13. The IRS further assessed plaintiffs with interest, pursuant to ICR § 6601, as well as

accuracy-related penalties attributable to the disallowance of partnership items in the FPAA pursuant to IRC § 6662. As to Mr. and Mrs. Senbahar, the IRS assessed \$4,116,414 in interest (\$2,155,284 for 2003, \$534,296 for 2004 and \$1,426,834 for 2005), and \$4,362,291 in penalties (\$2,095,072 for 2003, \$620,021 for 2004 and \$1,647,198 for 2005). Further, as to Mr. and Mrs. Elias, the IRS assessed \$3,425,232 in interest (\$2,300,668 for 2003 and \$1,124,564 for 2005), and \$3,740,896 in penalties (\$2,093,618 for 2003 and \$1,647,278 for 2005). Moreover, as to Mr. Bahar, the IRS assessed \$743,429 in interest (\$487,305 for 2003 and \$256,124 for 2005) and \$866,963 in penalties (\$498,787 for 2003 and \$368,176 for 2005).

14. On December 3, 2007, the IRS sent notices to Mr. and Mrs. Senbahar informing them of the foregoing adjustments. Compl. Exs. F, G and H. On December 10, 2007, the IRS sent similar notices to Mr. and Mrs. Elias, id. Exs. D and E, and to Mr. Bahar, id. Exs. B and C.

15. On May 12, 2008, having received no payment from plaintiffs of the foregoing amounts, the IRS began sending notices to plaintiffs informing them that payment must be paid immediately to prevent IRS collection action. See, e.g., id. Ex. I.

I declare under penalty of perjury that the foregoing is true and correct.

Dated: New York, New York
September 2, 2008


DAVID KUSMIREK

EXHIBIT A

(Part 1 of 2)

ORIGINAL

IN THE UNITED STATES COURT OF FEDERAL CLAIMS

FILED

AUG 22 2007

U.S. COURT OF
FEDERAL CLAIMS

KISLEV PARTNERS, L.P.,
by and through Nesim Bahar,
A Partner Other Than the Tax Matters Partner

Plaintiff,

No.

v.

United States of America,

Defendant.

07-625 T

**COMPLAINT FOR READJUSTMENT OF PARTNERSHIP ITEMS
UNDER INTERNAL REVENUE CODE SECTION 6226**

Plaintiff, Kislev Partners, L.P. ("Kislev"), by and through Nesim Bahar, a partner in Kislev, files this Complaint pursuant to Section 6226 of the Internal Revenue Code of 1986, as amended (the "Code") and Appendix F of the Rules of the United States Court of Federal Claims, petitioning for the readjustment of partnership items that were adjusted by the Internal Revenue Service (the "Service") in a Notice of Final Partnership Administrative Adjustment issued to Kislev Partners, L.P. ("Kislev") with respect to Kislev's taxable year ending December 31, 2002, and as the basis for this case alleges as follows:

I. THE PARTIES

1. Kislev is a limited partnership organized under the laws of the State of Delaware and is treated as a partnership for federal income tax purposes. Kislev's employer identification

number is 98-0174122. The principal place of business of Kislev at the time of filing this Petition is 150 East 58th Street, 33rd Floor, New York, NY 10155.

2. Mr. Bahar, through his wholly-owned limited liability company, Bahar-USA Developments LLC ("Bahar-USA"), is a partner within the meaning of Code section 6231(a)(2) and is a notice partner within the meaning of Code section 6231(a)(8). Bahar-USA is disregarded as an entity separate from Mr. Bahar for federal income tax purposes under 26 C.F.R. § 301.7701-3(b)(1)(ii).

3. Mr. Bahar's social security number is XXX-XX-2252 and his address is 165 Charles Street, Unit #25, New York, NY 10014.

4. The defendant is the United States of America, having taken the actions complained of through its agency, the Service.

II. JURISDICTION AND RULES OF THE UNITED STATES COURT OF FEDERAL CLAIMS APP. F RULES 1 AND 2

5. This Court has jurisdiction pursuant to 28 U.S.C. § 1508 and Code section 6226(b)(1).

6. Kislev timely filed its Form 1065 U.S. Return of Partnership Income for the taxable year ending December 31, 2002 with the Service at Ogden, Utah. A copy of the return is attached as Exhibit A.

7. The Service issued a Final Partnership Administrative Adjustment on March 28, 2007 (the "FPAA"). The FPAA was issued by the Service's Chicago, Illinois office. A copy of the FPAA is attached as Exhibit B.

8. The FPAA was issued with respect to the Kislev taxable year ending December 31, 2002.

9. Pursuant to Code section 6226(e)(1), prior to the filing of this Petition, a deposit was made with the government in the amount of \$9,500, representing the amount by which the tax liability of Mr. Bahar would be increased if the treatment of the "partnership items" on Mr. Bahar's tax return were made consistent with the treatment of "partnership items" on the partnership return, as adjusted by the FPAA. Attached as Exhibit C is a copy of the paper work and check associated with this deposit.

10. The deposit was made on August 2, 2007 and was sent to Revenue Agent James Batory in the Service's Chicago, Illinois office.

11. None of the Kislev partnership items have become non-partnership items by reasons of any events described in Code section 6231(b).

12. The period within which any tax attributable to the Kislev partnership items for the taxable year ending December 31, 2002 could be assessed against Mr. Bahar had not expired at the time the FPAA was issued.

13. The Tax Matters Partner of Kislev is Izak Senbahar. Mr. Senbahar's address is 150 E. 58th Street, New York, NY 10155.

14. Mr. Senbahar has not filed a complaint for readjustment of partnership items within the period specified in Code section 6226(a).

15. Kislev and Mr. Bahar have satisfied all conditions precedent to filing this suit.

III. FACTUAL ALLEGATIONS

16. On October 31, 2002, Sen-Kis LLC ("Sen-Kis"), Izak Senbahar, Bahar-USA, and Games, L.L.C ("Games") acquired 100 percent of the interests in Kislev (the "Acquisition").

17. At the time of the Acquisition, the primary assets of Kislev consisted of a real estate contract pursuant to which Kislev agreed to acquire from unrelated third parties property located at 406-410 West Street (the "Real Estate Contract") and euros.

18. Mr. Bahar and his partners are real estate developers that have a long-standing record of successfully developing residential projects in New York City. They are consistently searching for real estate that can be developed for use in their business.

19. Mr. Bahar and his partners identified the 406-410 West Street property as property well-suited and desirable for their real estate development business. The property had an exceptional location, situated on the Hudson river. Mr. Bahar and his partners wished to acquire ownership of the property.

20. Following the Acquisition, Kislev closed on the Real Estate Contract and proceeded with the development of the 406-410 West Street property. The result was a 16-story residential tower designed by the renowned architect Richard Meier. As Mr. Bahar and his partners had anticipated, the development was successful and profitable.

21. Since the development of the 406-410 West Street property, Kislev continues to develop additional residential real estate projects in New York City.

22. The other primary asset of Kislev at the time of the Acquisition was euros, with respect to which Kislev had a built-in loss. This built-in loss was attributable to a decline in value of assets previously held by Kislev or its direct or indirect subsidiaries. These assets consisted of an investment in a foreign entity that operated duty-free stores and other airport businesses, businesses that experienced significant losses as a result of the establishment of the European Union.

23. On or after December 12, 2002, Kislev converted €1,377,500 into United States dollars.

24. Kislev claimed a basis in the €1,377,500 of \$142,016,024, and recognized an ordinary loss of \$140,636,109 on the conversion of the euros.

25. Kislev claimed the loss of \$140,636,109 from the sale of the euros on its return for the taxable year ending December 31, 2002, although only a small fraction of the loss was used by the Kislev partners in the 2002 taxable year.

26. In claiming the loss, Kislev relied on the written legal opinion of a national law firm, as well as the advice of both a nationally recognized tax boutique law firm and its long-time tax advisor.

IV. THE SERVICE'S POSITION

27. On March 28, 2007, the Service issued the FPAA making the adjustments which are at issue in this case. The primary adjustment made by the Service in the FPAA was to disallow the loss recognized by Kislev on the sale of its euros, although the Service raises several

alternative arguments and positions. The FPAA also asserts a 40-percent, accuracy-related penalty against Kislev or, alternatively, a 20-percent, accuracy-related penalty.

28. This complaint challenges all of the adjustments made by the Service in the FPAA.

V. ASSIGNMENTS OF ERROR

29. The FPAA, and each and every determination and alternative position in the FPAA, is in error. Specifically, the Service committed the following errors in the FPAA:

- a. The Service erred in determining that Kislev's ordinary income (loss) should be increased by \$3,911 for the tax year ending December 31, 2002.
- b. The Service erred in determining that Kislev's portfolio income (loss) should be reduced by \$2,646 for the tax year ending December 31, 2002.
- c. The Service erred in determining that Kislev's other income (loss) should be increased by \$6,551,884 for the tax year ending December 31, 2002.
- d. The Service erred in determining that Kislev's capital accounts should be decreased by \$135,680,434 for the tax year ending December 31, 2002.
- e. The Service erred in determining that "[i]t has not been established that the formation of Kislev Partners, LP (hereinafter the 'partnership'), its purported acquisition of built-in-loss assets (and/or assets whose adjusted bases were determined, in whole or in part, with reference to the adjusted basis of such assets), and/or the sale or exchange of interests in the partnership (or related partnerships) (hereinafter the 'Transactions'), were imbued with economic substance and supported by bona fide business purpose."
- f. The Service erred in determining that "[i]t has not been established that

the partnership was formed and availed of for the purpose of carrying on business by partner or for the sharing of profits and losses from such activity. The partnership and alleged transactions undertaken by the partnership and/or its purported partners were shams for federal tax purposes."

g. The Service erred in determining that "[i]t has not been established that the form of the Transactions reflects the true substance of the Transactions for federal income tax purposes."

h. The Service erred in determining that "[i]t has not been established that the Transactions involving the distressed assets should not be collapsed under the step transaction doctrine and taxed in accordance with their true substance as constituting part of a unified integrated plan in which the partnership was utilized as a mere conduit serving no business purpose and having no economic substance through which the distressed assets were in form allegedly passed to effectuate desired inflated basis in the distressed assets and non-economic artificial losses."

i. The Service erred in applying Treasury Regulation § 1.701-2 to this case. To the extent that the Service did not err in applying Treasury Regulation § 1.702-1 to this case, the regulation is invalid.

j. The Service erred in determining that "[i]t has not been established that the partnership had any basis in the distressed assets. In this regard, it has not been established that the distressed assets were in fact contributed or, if contributed, that the alleged contributing partner had any basis in such assets or that such assets had any value at the time they were contributed and were property within the meaning of Section 723."

k. The Service erred in determining that "[i]t has not been established that the partnership incurred any claimed losses during the taxable year in issue or that it is otherwise

entitled to any deduction under any provision of the Internal Revenue Code.”

l. The Service erred in determining that “[i]t has not been established that any claimed losses involving and/or related to the built-in-loss assets acquired by of [sic] the partnership resulted from a transaction entered into for profit, and accordingly, no such losses are allowable under any provision of the Internal Revenue Code, including, but not limited to, Section 165(c)(2).”

m. The Service erred in its alternative determination that, if any portion of the claimed basis in the distressed assets were allowable, “any portion of the basis and related loss claimed for the distressed assets that results from, or otherwise relates to, the excess of basis over fair market value (FMV) of such assets at the time the same were allegedly contributed to the partnership, should be allocated to the contributing partner, under the authority of Section 482 of the Internal Revenue Code.”

n. The Service erred in its alternative determination that, if any portion of the claimed basis in the distressed assets were allowable, “with regard to any portion of the loss recognized on the actual or deemed sale or exchange of the distressed assets that is attributable to the excess of basis over FMV of the distressed assets at the time such assets were contributed to the partnership, the allocation of any of such loss to the U.S. partners is unreasonable, and that portion of such loss should be allocated to the alleged partners that purportedly contributed the distressed assets, in accordance with the authority of Section 1.704-3(a)(8) and (10) of the Income Tax Regulations. Accordingly, in the alternative, the claimed loss relating to the distressed assets should be allocated to the partners that contributed the distressed assets.”

o. The Service erred in determining that “it has not been established that any of the alleged partners of the partnership were at-risk under Section 465 of the Internal Revenue

Code with regard to the activities conducted by the partnership during the taxable period(s) in issue.”

p. The Service erred in its determination that “it has not been established that claimed losses relating to the distressed assets were not passive activity losses subject to the limitations of Section 469 of the Internal Revenue Code.”

q. The Service erred in determining that the FPAA adjustments of partnership items of Kislev “are attributable to a tax shelter within the meaning of Section 6662(d)(2)(C)(ii) of the Internal Revenue Code. The partnership and its purported partners/members had, as a significant purpose, the avoidance or evasion of federal income tax, lacked substantial authority for the positions taken, and did not have a reasonable belief that those positions were more likely than not the correct treatment of such items.”

r. The Service erred in determining “that all of the underpayments of tax resulting from the adjustments of partnership items made herein are attributable to (1) a substantial understatement, (2) a gross valuation misstatement, and/or (3) negligence or disregard of rules or regulations.”

s. The Service erred in determining “that the partnership and its partners did not have reasonable cause and good faith for any of the resulting underpayments, or that any other exceptions to the accuracy-related penalty apply.”

t. The Service therefore erred in determining that the accuracy-related penalty under Code Section 6662 applies to all alleged underpayments of tax attributable to adjustments of partnership items of Kislev.

u. Consequently, the Service erred in making each of the following determinations:

i. A 40% penalty should be imposed on the portion of any underpayment attributable to a gross valuation misstatement pursuant to Code sections 6662(a), 6662(b)(3), 6662(e), and 6662(h).

ii. A 20% penalty should be imposed on the portion of any underpayment attributable to negligence or disregard of rules and regulations pursuant to Code sections 6662(a), 6662(b)(1), and 6662(c).

iii. A 20% penalty should be imposed on any underpayment attributable to any substantial understatement of income tax pursuant to Code sections 6662(a), 6662(b)(2), and 6662(d).

iv. A 20% penalty should be imposed on any underpayment attributable to a substantial valuation misstatement pursuant to Code sections 6662(a), 6662(b)(3), and 6662(e).

VI. PRAYER FOR RELIEF

WHEREFORE, Plaintiff prays that this Court:

1. Determine that the adjustments made by the Service in the FPAA are factually and/or legally incorrect and are invalid;
2. Determine that the penalties asserted by the Service in the FPAA are erroneous and/or that the parties have valid defenses to the assertion of such penalties;
3. Determine that the deposit paid by Mr. Bahar should be refunded, together with interest thereon; and
4. Grant Plaintiff such other and further relief to which Plaintiff is entitled.

Dated: August 22, 2007

Respectfully submitted,



N. Jerold Cohen
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In The United States Court of Federal Claims

Cover Sheet

Plaintiff(s) or Petitioner(s)

KISLEV PARTNERS, L.P., by and through Nesim Bahar, a partner other than the
Tax Member Partner

If this is a multi-plaintiff case, pursuant to RCFC 26(a), please attach an alphabetized, numbered list of all plaintiffs.

Name of the attorney of record: [See RCFC 83.1(c)]

N. Jerold Cohen

Firm Name:

Sutherland Asbill & Brennan, LLP

Post Office Box:

Street Address:

999 Peachtree Street, N.E., Suite 2300

City-State-Zip:

Atlanta, GA 30309

Telephone & Facsimile Numbers:

404 853-8032

E-mail address:

jerry.cohen@sablaw.com

Is the attorney of record admitted to the Court of Federal Claims Bar? Yes

If **NO**, please call (202) 357-6406 for admission papers and instructions.

Nature of suit code:

2

2

0

Select only one [three digit] nature of suit code from attached sheet and if numbers 118, 134, 226, 312, 356, or 528 are used, please explain.

Government Agency Involved:

T

R

E

See attached Sheet for three digit code.

Amount Claimed:

\$ 9,500.00

If to be determined, put the phrase "to be determined" in Amount Claimed Space.

Vaccination Date: (Vaccine Cases Only)

If this is case related to any pending or previous case you are **required** to file a separate notice of related case(s). See RCFC 40.2

May 6, 2005

Form **1065** Department of the Treasury Internal Revenue Service
U.S. Return of Partnership Income **2002**

2926530601908

See separate instructions.

OMB No. 1545-0047

For calendar year 2002, or tax year beginning 11/01, 2002, and ending 12/31, 20 02.

A Principal business activity		Use the IRS label. Otherwise, print or type.	B Employer identification number 98-0174122
INVEST/REAL EST			
B Principal product or service			
INVEST/REAL EST			
C Business code number 523900		D Date business started 12/03/1996 1996/12	
E Total assets (see instructions) \$ 135,772,173.			

G Check applicable boxes: (1) ☐ Initial return (2) ☐ Final return (3) ☐ Name change (4) ☐ Address change (5) ☐ Amended return
H Check accounting method: (1) ☒ Cash (2) ☐ Accrual (3) ☐ Other (specify) _____
I Number of Schedules K-1. Attach one for each person who was a partner at any time during the tax year. 3

Caution: Include only trade or business income and expenses on lines 1a through 22 below. See the instructions for more information.

1a Gross receipts or sales	1a	
b Less returns and allowances	1b	
2 Cost of goods sold (Schedule A, line 2)	2	
3 Gross profit. Subtract line 2 from line 1a	3	
4 Ordinary income (loss) from other partnerships, estates, and trusts (attach schedule)	4	
5 Net farm profit (loss) (attach Schedule F (Form 1040))	5	
6 Net gain (loss) from Form 4797, Part II, line 18	6	
7 Other income (loss) (attach schedule)	7	
8 Total income (loss). Combine lines 3 through 7	8	
9 Salaries and wages (other than to partners) (less employment credits)	9	
10 Guaranteed payments to partners	10	
11 Repairs and maintenance	11	
12 Bad debts	12	
13 Rent	13	
14 Taxes and licenses	14	
15 Interest	15	
16a Depreciation (if required, attach Form 4562)	16a	3,870.
b Less depreciation reported on Schedule A and other schedules	16b	
17 Depletion (Do not deduct oil and gas depletion on this line)	17	
18 Retirement plans, etc.	18	
19 Employee benefit programs	19	
20 Other deductions (attach schedule)	20	
21 Total deductions. Add the amounts shown in the far right column for lines 9 through 20	21	41.
22 Ordinary income (loss) from trade or business activities. Subtract line 21 from line 8	22	(-3,911.)

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than general partner or limited liability company member) is based on all information of which preparer has any knowledge.

Signature of preparer or limited liability company member

Date 10/13/03

May the IRS discuss this return with the preparer shown below (see instructions) ☒ Yes ☐ No

Paid Preparer's Use Only

Preparer's signature

Date

Check if self-employed ☐

Preparer's SSN or PTIN

Firm's name (or your name if self-employed), address, and ZIP code

DAVIS GRABER & NASSBERG LLP
150 EAST 58TH STREET, 20TH FLOOR
NEW YORK, NY 10155

EXHIBIT

13-3797691

(212) 230-2600

Form 1065 (2002)

Form 1065 (2002) KISLEV PARTNERS, L.P. 98-0174122

Page 2

Part II Cost of Goods Sold (see instructions)

1	Inventory at beginning of year	1	
2	Purchases less cost of items withdrawn for personal use	2	
3	Cost of labor	3	
4	Additional section 263A costs (attach schedule)	4	
5	Other costs (attach schedule)	5	
6	Total. Add lines 1 through 5	6	
7	Inventory at end of year	7	
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2	8	

9a Check all methods used for valuing closing inventory:

- (i) ☐ Cost as described in Regulations section 1.471-3
- (ii) ☐ Lower of cost or market as described in Regulations section 1.471-4
- (iii) ☐ Other (specify method used and attach explanation) _____

b Check this box if there was a writedown of 'subnormal' goods as described in Regulations section 1.471-2(c) ☐ Yes ☐ Noc Check this box if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) ☐ Yes ☐ Nod Do the rules of section 263A (for property produced or acquired for resale) apply to the partnership? ☐ Yes ☐ Noe Was there any change in determining quantities, cost, or valuations between opening and closing inventory? ☐ Yes ☐ No

If 'Yes', attach explanation.

Part III Other information

1	What type of entity is filing this return? Check the applicable box:	Yes	No
a	<input type="checkbox"/> Domestic general partnership		
b	<input checked="" type="checkbox"/> Domestic limited partnership		
c	<input type="checkbox"/> Domestic limited liability company		
d	<input type="checkbox"/> Domestic limited liability partnership		
e	<input type="checkbox"/> Foreign partnership		
f	<input type="checkbox"/> Other _____		
2	Are any partners in this partnership also partnerships?	X	
3	During the partnership's tax year, did the partnership own any interest in another partnership or in any foreign entity that was disregarded as an entity separate from its owner under Regulations sections 301.7701-2 and 301.7701-3? If yes, see instructions for required attachment.		X
4	Is this partnership subject to the consolidated audit procedures of sections 6221 through 6233? If 'Yes,' see Designation of Tax Matters Partner below.		X
5	Does this partnership meet all three of the following requirements?		
a	The partnership's total receipts for the tax year were less than \$250,000;		
b	The partnership's total assets at the end of the tax year were less than \$600,000; and		
c	Schedules K-1 are filed with the return and furnished to the partners on or before the due date (including extensions) for the partnership return.		
	If 'Yes,' the partnership is not required to complete Schedules L, M-1, and M-2; Item F on page 1 of Form 1065; or Item J on Schedule K-1.		X
6	Does this partnership have any foreign partners? If 'Yes,' the partnership may have to file Forms 8804, 8805 and 8878. See instructions.		X
7	Is this partnership a publicly traded partnership as defined in section 469(b)(2)?		X
8	Has this partnership filed, or is it required to file, Form 8264, Application for Registration of a Tax Shelter?		X
9	At any time during calendar year 2002, did the partnership have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? See the instructions for exceptions and filing requirements for Form TD F 90-22.1. If 'Yes,' enter the name of the foreign country.		X
10	During the tax year, did the partnership receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If 'Yes,' the partnership may have to file Form 3520. See instructions.		X
11	Was there a distribution of property or a transfer (e.g., by sale or death) of a partnership interest during the tax year? If 'Yes,' you may elect to adjust the basis of the partnership's assets under section 754 by attaching the statement described in the instructions under Elections Made By the Partnership.		X
12	Enter the number of Forms 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships, attached to this return.	0	

Designation of Tax Matters Partner (see instructions)

Enter below the general partner designated as the tax matters partner (TMP) for the tax year of this return:

Name of designated TMP **IZAK SENEHAR**Identifying number of TMP **0462**Address of designated TMP **C/O ALEXICO MGMT. 150 E 58TH STREET
NEW YORK, NY 10155**

Form 1065 (2002)

KISLEV PARTNERS, L.P. 98-0174122

Page 3

Schedule K-1 Partners' Shares of Income, Credits, Deductions, etc

(a) Distributive share items		(b) Total amount	
Income (Loss)	1 Ordinary income (loss) from trade or business activities (page 1, line 22).....	1	-3,911.
	2 Net income (loss) from rental real estate activities (attach Form 8825).....	2	
	3a Gross income from other rental activities..... 3a		
	b Expenses from other rental activities (attach sch)..... 3b		
	c Net income (loss) from other rental activities. Subtract line 3b from line 3a.....	3c	
	4 Portfolio income (loss): a Interest income.....	4a	2,646.
	b Ordinary dividends.....	4b	
	c Royalty income.....	4c	
	d Net short-term capital gain (loss) (attach Schedule D (Form 1065)).....	4d	
	e (1) Net long-term capital gain (loss) (attach Schedule D (Form 1065)).....	4e (1)	
	(2) 28% rate gain (loss)..... (3) Qualified 5-year gain.....		
f Other portfolio income (loss) (attach schedule).....	4f		
5 Guaranteed payments to partners.....	5		
6 Net section 1231 gain (loss) (other than due to casualty or theft) (attach Form 4797).....	6		
7 Other income (loss)..... SEE STATEMENT 2	7	(-6,551,884.)	
Deductions	8 Charitable contributions (attach schedule).....	8	
	9 Section 179 expense deduction (attach Form 4562).....	9	
	10 Deductions related to portfolio income (itemize).....	10	
Credits	11 Other deductions.....	11	
	12a Low-income housing credit:		
	(1) From partnerships to which section 42(f)(5) applies.....	12a (1)	
	(2) Other than on line 12a(1).....	12a (2)	
	b Qualified rehabilitation expenditures related to rental real estate activities (attach Form 3462).....	12b	
c Credits (other than credits shown on lines 12a and 12b) related to rental real estate activities.....	12c		
d Credits related to other rental activities.....	12d		
13 Other credits.....	13		
Investment Interest	14a Interest expense on investment debts.....	14a	
	b (1) Investment income included on lines 4a, 4b, 4c, and 4f above.....	14b (1)	2,646.
(2) Investment expenses included on line 10 above.....	14b (2)		
Self-Employment	15a Net earnings (loss) from self-employment.....	15a	
	b Gross farming or fishing income.....	15b	
	c Gross nonfarm income.....	15c	
Adjustments and Tax Preference Items	16a Depreciation adjustment on property placed in service after 1986.....	16a	
	b Adjusted gain or loss.....	16b	
	c Depletion (other than oil and gas).....	16c	
	d (1) Gross income from oil, gas, and geothermal properties.....	16d (1)	
	(2) Deductions allocable to oil, gas, and geothermal properties.....	16d (2)	
e Other adjustments & tax pref items.....	16e		
Foreign Taxes	17a Name of foreign country or U.S. possession.....		
	b Gross income from all sources.....	17b	
	c Gross income sourced at partner level.....	17c	
	d Foreign gross income sourced at partnership level:		
	(1) Passive..... (2) Listed categories (attach sch)..... (3) General limitation.....	17d (3)	
	e Deductions allocated and apportioned at partner level:		
	(1) Interest expense..... (2) Other.....	17e (2)	
	f Deductions allocated and apportioned at partnership level to foreign source income:		
	(1) Passive..... (2) Listed categories (attach sch)..... (3) General limitation.....	17f (3)	
	g Total foreign taxes (check one): <input type="checkbox"/> Paid <input type="checkbox"/> Accrued.....	17g	
h Reduction in taxes available for credit (attach schedule).....	17h		
Other	18 Section 59(a)(2) expenditures: a Type..... b Amount.....	18a	
	19 Tax-exempt interest income.....	19	
	20 Other tax-exempt income.....	20	
	21 Nondeductible expenses.....	21	
	22 Distributions of money (cash and marketable securities).....	22	
	23 Distributions of property other than money.....	23	
	24 Other items and amounts required to be reported separately to partners (attach schedule).....		

BAA

Form 1065 (2002) KISLEV PARTNERS, L.P. 98-0174122

Analysis of Net Income (Loss)

Page 4

1 Net income (loss). Combine Schedule K, lines 1 through 7 in column (b). From the result, subtract the sum of Schedule K, lines 8 through 11, 14a, 17g, and 18b.						1	-6,553,149.
2 Analysis by partner type:	(i) Corporate	(ii) Individual (active)	(iii) Individual (passive)	(iv) Partnership	(v) Exempt organization	(vi) Nominee/Other	
a General partner							
b Limited partner		-5,897,835.		-655,314.			

Note: schedules L, M-1 and M-2 are not required if Question 5 of Schedule B is answered 'Yes.'

Schedule L Balance Sheets per Books

Assets	Beginning of tax year		End of tax year	
	(a)	(b)	(c)	(d)
1 Cash				1,001,442.
2a Trade notes and accounts receivable				
b Less allowance for bad debts				
3 Inventories				
4 U.S. government obligations				
5 Tax-exempt securities				
6 Other current assets (attach schedule) SEE ST. 3.		200,000.		525,000.
7 Mortgage and real estate loans				
8 Other investments (attach schedule) SEE ST. 4.		142,033,583.		
9a Buildings and other depreciable assets				
b Less accumulated depreciation				
10a Depletable assets				
b Less accumulated depletion				
11 Land (net of any amortization)				
12a Intangible assets (amortizable only)				
b Less accumulated amortization				
13 Other assets (attach schedule) SEE ST. 5.				
14 Total assets		142,233,583.		134,245,731.
Liabilities and Capital				
15 Accounts payable				
16 Mortgages, notes, bonds payable in less than 1 year				91,739.
17 Other current liabilities (attach sch)				
18 All nonrecourse loans				
19 Mortgages, notes, bonds payable in 1 year or more				
20 Other liabilities (attach schedule)				
21 Partners' capital accounts		142,233,583.		135,680,434.
22 Total liabilities and capital		142,233,583.		135,772,173.

Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return

1 Net income (loss) per books	-6,553,149.	6 Income recorded on books this year not included on Schedule K, lines 1 through 7 (Itemize):	
2 Income included on Schedule K, lines 1 through 4, 6, and 7, not recorded on books this year (Itemize):		a Tax-exempt interest	\$
3 Guaranteed payments (other than health insurance)		7 Deductions included on Schedule K, lines 1 through 11, 14a, 17g, and 18b, not charged against book income this year (Itemize):	
4 Expenses recorded on books this year not included on Schedule K, lines 1 through 11, 14a, 17g, and 18b (Itemize):		a Depreciation	\$
a Depreciation	\$	b Add lines 6 and 7	
b Travel and entertainment	\$	9 Income (loss) (Analysis of Net Income (Loss), line 1). Subtract line 8 from line 5.	-6,553,149.
5 Add lines 1 through 4	-6,553,149.		

Schedule M-2 Analysis of Partners' Capital Accounts

1 Balance at beginning of year	142,233,583.	6 Distributions:	a Cash	
2 Capital contributed:		b Property		
a Cash		7 Other decreases (Itemize):		
b Property		8 Add lines 6 and 7		
3 Net income (loss) per books	-6,553,149.	9 Balance at end of year. Subtract line 8 from line 5.		135,680,434.
4 Other increases (Itemize):				
5 Add lines 1 through 4	135,680,434.			

Form **8736**
(Rev. October 2000)Application for Automatic Extension of Time to File
U.S. Return for a Partnership, REMIC,
or for Certain Trusts

OMB No. 1545-0046

Department of the Treasury
Internal Revenue Service

▶ File a separate application for each return.

Please type or print.	Name	Employer identification number
	KISLEV PARTNERS, L.P.	98-0174122
File by the due date for filing the return for which an extension is requested. See instructions.	Number, street, and room or suite no. if a P.O. box, see instructions.	
	C/O ALEXICO MGMT, 150 EAST 58TH STREET	
	City or town, state and ZIP code. If a foreign address, enter city, province or state, and country. Follow the country's practice for entering the postal code.	
	NEW YORK, NY 10155	

1 I request an automatic 3-month extension of time to file (check only one):

☐ Form 1041☐ Form 1041-QFT☒ Form 1065☐ Form 1065-B☐ Form 10662 If the entity does not have an office or place of business in the United States, check this box ☐3a For calendar year _____, or other tax year beginning 11/01, 2002, and ending 12/31, 2002.

b If this tax year is for less than 12 months, check reason:

☐ Initial return☐ Final return☐ Change in accounting period

4 If this extension is requested for Form 1041, Form 1041-QFT, Form 1065-B, or Form 1066, enter the following amounts:

a Tentative total tax from Form 1041, Form 1041-QFT, Form 1065-B, or Form 1066 (see instructions)..... \$ N/Ab Refundable credits and estimated tax payments, including any prior year overpayment allowed as a credit, from Form 1041, Form 1041-QFT, or Form 1065-B (see instructions). REMICs, enter -0-..... \$ N/Ac Balance due. Subtract line 4b from line 4a. If zero or less, enter -0-. Enclose payment, if any, with Form 8736 (see instructions)..... \$ N/A

Caution: Interest will be charged on any tax not paid by the regular due date of Forms 1041, 1041-QFT, 1065-B, and 1066 from the due date until the tax is paid.

BAA For Paperwork Reduction Act Notice, see separate instructions.

Form 8736 (Rev 10-2000)

Form **8800**

(Rev. September 2007)

Department of the Treasury
Internal Revenue Service**Application for Additional Extension of Time to File
U.S. Return for a Partnership, REMIC, or for Certain Trusts**

OMB No. 1545-0047

File a separate application for each return.

Please type
or print.

Name

KISLEV PARTNERS, L.P.

Employer identification number

98-0174122

Number, street, and room or suite number. If a P.O. box, see instructions.

C/O ALEXICO MGMT, 150 EAST 58TH STREET

City or town, state, and ZIP code. If a foreign address, enter city, province or state, and country. Follow the country's practice for entering the postal code.

NEW YORK, NY 10155File the original
and one copy by
the due date
for filing the
return for which
an extension is
requested. See
instructions.

- 1 I request an additional extension of time until 10/15, 2003, to file (check only one):
☐ Form 1041 ☐ Form 1041-QFT ☒ Form 1065 ☐ Form 1065-B ☐ Form 1066
- 2 If the entity does not have an office or place of business in the United States, check this box ☐
- 3a For calendar year 20____, or other tax year beginning 11/01, 2002, and ending 12/31, 2002
 b If this tax year is for less than 12 months, check reason: ☐ Initial return ☐ Final return ☐ Change in accounting period
- 4 Explain why the entity needs an extension. All entities filing this form must give an adequate explanation.

**TAXPAYER RESPECTFULLY REQUESTS ADDITIONAL TIME TO GATHER INFORMATION NECESSARY TO
FILE A COMPLETE AND ACCURATE TAX RETURN.**

- 5 Has the entity filed Form 8736 to request an extension of time to file for this tax year? ☒ Yes ☐ No
 If you checked 'No,' we will grant an extension only for undue hardship. Fully explain the hardship on line 4.

Signature and Verification

Under penalties of perjury, I declare that I have examined this form, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete; and that I am authorized to prepare this form.

Signature >

Title >

Date >

File original and one copy. The IRS will show below whether or not your application is approved and will return the copy.

Notice to Applicant - To Be Completed by the IRS.

- ☐ We HAVE approved this application. Please attach this form to the entity's return.
- ☐ We HAVE NOT approved this application.
 However, we have granted a 10-day grace period to _____. This grace period is considered a valid extension of time for elections otherwise required to be made on a timely return. Please attach this form to the entity's return.
- ☐ We HAVE NOT approved this application. After considering the reasons stated in Item 4 above, we cannot grant this request for an extension of time to file. We are not granting a 10-day grace period.
- ☐ We cannot consider this application because it was filed after the due date of the return for which an extension was requested.
- ☐ Other: _____

Director

By: _____

Date

If you want a copy of this form to be returned to an address other than that shown above, please enter the address to which the copy should be sent.

Please
Type or
Print

Name

DAVIS GRABER & NASBERG LLP

Number, street, and room or suite number (if a P.O. box, see instructions.)

150 EAST 58TH STREET, 26TH FLOOR

City or town, state, and ZIP code. If a foreign address, enter city, province or state, and country. Follow the country's practice for entering the postal code.

NEW YORK, NY 10155

2002

FEDERAL STATEMENTS

PAGE 1

CLIENT 3000-28

KISLEV PARTNERS, L.P.

98-0174122

10/13/03

02:47PM

STATEMENT 1
FORM 1065, LINE 20
OTHER DEDUCTIONS

BANK CHARGES.....	\$	41.
TOTAL	\$	<u>41.</u>

STATEMENT 2
FORM 1065, SCHEDULE K, LINE 7
OTHER INCOME (LOSS)

LOSS ON SECTION 988.....	\$	-6,551,884.
TOTAL	\$	<u>-6,551,884.</u>

STATEMENT 3
FORM 1065, SCHEDULE L, LINE 6
OTHER CURRENT ASSETS

	BEGINNING	ENDING
DUE TO/FROM AFFILIATES.....	\$ 0.	\$ 325,000.
REAL ESTATE DEPOSIT.....	200,000.	200,000.
TOTAL	\$ <u>200,000.</u>	\$ <u>525,000.</u>

STATEMENT 4
FORM 1065, SCHEDULE L, LINE 8
OTHER INVESTMENTS

	BEGINNING	ENDING
FOREIGN CURRENCY.....	\$ 142033583.	\$ 0.
TOTAL	\$ <u>142033583.</u>	\$ <u>0.</u>

STATEMENT 5
FORM 1065, SCHEDULE L, LINE 13
OTHER ASSETS

	BEGINNING	ENDING
DEFERRED LOSSES DUE TO BASIS LIMIT.....	\$ 0.	\$ 134084225.
PRODUCTION COSTS.....	0.	161,506.
TOTAL	\$ <u>0.</u>	\$ <u>134245731.</u>

2926530601908

Schedule K-1
(Form 1065)

Partner's Share of Income, Credits, Deductions, etc

OMB No. 1545-0046

2002

Department of the Treasury
Internal Revenue ServiceFor calendar year 2002 or tax year
beginning 11/01, 2002, and ending 12/31, 20 02Partner's identifying number - 13-4082360
Partner's name, address, and ZIP codeBAHAR-USA DEVELOPMENTS, LLC
C/O ALEXICO MGMT 150 E 58TH STREET
NEW YORK, NY 10155Partnership's identifying number - 98-0174122
Partnership's name, address, and ZIP codeKISLEV PARTNERS, L.P.
C/O ALEXICO MGMT, 150 EAST 58TH STREET
NEW YORK, NY 10155

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A This partner is a ☐ general partner ☒ limited partner
☐ limited liability company memberB What type of entity is this partner? **PARTNERSHIP**C Is this partner a ☒ domestic or a ☐ foreign partner?D Enter partner's % of:
Profit sharing \$ 10 %
Loss sharing \$ 10 %
Ownership of capital \$ 10 %
(i) Before change or termination (ii) End of year

E IRS Center where partnership filed return: OGDEN, UT

F Partner's share of liabilities (see instructions):

Nonrecourse \$
Qualified nonrecourse financing \$
Other \$ 9,174.

G Tax shelter registration number -

H Check here if this partnership is a publicly traded partnership as defined in section 469(k)(2) ☐I Check applicable boxes: (1) ☐ Final K-1 (2) ☐ Amended K-1

J Analysis of partner's capital account:

(a) Capital account at beginning of year	(b) Capital contributed during year	(c) Partner's share of lines 3, 4, and 7, Form 1065, Schedule M-2	(d) Withdrawals and distributions	(e) Capital account at end of year (combine columns (a) through (d))
14,223,358.		-655,314.		13,568,044.

	(a) Distributive share item	(b) Amount	(c) 1040 filers enter the amount in column (b) on:
Income (Loss)	1 Ordinary income (loss) from trade or business activities.....	1 -391.	See Partner's instructions for Schedule K-1 (Form 1065).
	2 Net income (loss) from rental real estate activities.....	2	
	3 Net income (loss) from other rental activities.....	3	
	4 Portfolio income (loss):		
	a Interest.....	4a 265.	Schedule B, Part I, line 1
	b Ordinary dividends.....	4b	Schedule B, Part II, line 5
	c Royalties.....	4c	Schedule E, Part I, line 4
	d Net short-term capital gain (loss).....	4d	Schedule D, line 5, column (f)
	e (1) Net long-term capital gain (loss).....	4e(1)	Schedule D, line 12, column (f)
	(2) 25% rate gain (loss).....	4e(2)	Schedule D, line 12, column (g)
	(3) Qualified 5-year gain.....	4e(3)	Line 5 of worksheet for Sch D, line 29
Deductions	f Other portfolio income (loss) (attach schedule).....	4f	Enter on applicable in of your return
	5 Guaranteed payments to partner.....	5	
	6 Net section 1231 gain (loss) (other than due to casualty or theft).....	6	See Partner's instructions for Schedule K-1 (Form 1065).
	7 Other income (loss) (attach schedule)..... SEE LINE 25	7 -655,188.	Enter on applicable in of your return
	8 Charitable contributions (see instructions) (attach schedule).....	8	Schedule A, line 15 or 16
	9 Section 179 expense deduction.....	9	
	10 Deductions related to portfolio income (attach schedule).....	10	See Partner's instructions for Schedule K-1 (Form 1065).
	11 Other deductions (attach schedule).....	11	
Credits	12a Low-income housing credit:		
	(1) From section 42(j)(3) partnerships.....	12a(1)	Form 8586, line 5
	(2) Other than on line 12a(1).....	12a(2)	
	b Qualified rehabilitation expenditures related to rental real estate activities.....	12b	See Partner's instructions for Schedule K-1 (Form 1065).
	c Credits (other than credits shown on lines 12a and 12b) related to rental real estate activities.....	12c	
	d Credits related to other rental activities.....	12d	
	13 Other credits.....	13	

BAA For Paperwork Reduction Act Notice, see instructions for Form 1065.

Schedule K-1 (Form 1065) 2002

EXHIBIT A

(Part 2 of 2)

Schedule K-1 (Form 1065) 2002 KISLEV PARTNERS, L.P. 98-0174122

Page 2

(a) Distributive share item		(b) Amount	(c) 1040 filers enter the amount in column (b) on:
Investment Interest	14a Interest expense on investment debts	14a	Form 4952, line 1 See Partner's instructions for Schedule K-1 (Form 1065).
	b (1) Investment income included on lines 4a, 4b, 4c, and 4f	14b(1) 255.	
	(2) Investment expenses included on line 10	14b(2)	
Self-employment	15a Net earnings (loss) from self-employment	15a	Schedule SE, Section A or B See Partner's instructions for Schedule K-1 (Form 1065).
	b Gross farming or fishing income	15b	
	c Gross nonfarm income	15c	
Adjustments and Tax Preference Items	16a Depreciation adjustment on property placed in service after 1986	16a	See Partner's instructions for Schedule K-1 (Form 1065) and instructions for Form 6251.
	b Adjusted gain or loss	16b	
	c Depletion (other than oil and gas)	16c	
	d (1) Gross income from oil, gas, and geothermal properties	16d(1)	
	(2) Deductions allocable to oil, gas, and geothermal properties	16d(2)	
	e Other adjustments & tax preference items (attach sch.)	16e	
Foreign Taxes	17a Name of foreign country or U.S. possession		Form 1116, Part I
	b Gross income from all sources	17b	
	c Gross income sourced at partner level	17c	
	d Foreign gross income sourced at partnership level:		
	(1) Passive	17d(1)	
	(2) Listed categories (attach schedule)	17d(2)	
	(3) General limitation	17d(3)	
	e Deductions allocated and apportioned at partner level:		
	(1) Interest expense	17e(1)	
	(2) Other	17e(2)	
	f Deductions allocated and apportioned at partnership level to foreign source income:		
	(1) Passive	17f(1)	
(2) Listed categories (attach schedule)	17f(2)		
(3) General limitation	17f(3)		
g Total foreign taxes (check one): <input type="checkbox"/> Paid <input type="checkbox"/> Accrued	17g	Form 1116, Part II Form 1116, line 12.	
h Reduction in taxes available for credit (attach schedule)	17h		
Other	18a Section 59(a)(2) expenditures: a Type		See Partner's instructions for Schedule K-1 (Form 1065).
	b Amount	18b	
	19 Tax-exempt interest income	19	Form 1040, line 8b
	20 Other tax-exempt income	20	
	21 Nondeductible expenses	21	See Partner's instructions for Schedule K-1 (Form 1065).
	22 Distributions of money (cash and marketable securities)	22	
	23 Distributions of property other than money	23	
	24 Recapture of low-income housing credit:		Form 8511, line 3
a From section 42(j)(5) partnerships	24a		
b Other than on line 24a	24b		
Supplemental information	25 Supplemental information required to be reported separately to each partner (attach additional schedules if more space is needed):		
	LINE 7 OTHER INCOME (LOSS)		
	LOSS ON SECTION 988		
	TOTAL \$ -655,188.		
	TOTAL \$ -655,188.		
	LINE 25 SUPPLEMENTAL INFORMATION		
	SUSPENDED SECTION 988 LOSS DUE TO BASIS LIMITATION \$14,043,611		
	SECTION 988 LOSS SUSPENDED DUE TO PARTNER BASIS LIMITATION		

Schedule K-1
(Form 1065)

Partner's Share of Income, Credits, Deductions, etc

OMB No. 1545-0049

2002

Department of the Treasury
Internal Revenue Service

For calendar year 2002 or tax year

beginning 11/01

, 2002, and ending 12/31, 20 02

Partner's identifying number ▶ 13-4044226

Partnership's identifying number ▶ 98-0174122

Partner's name, address, and ZIP code

Partnership's name, address, and ZIP code

GAMES LLC
C/O MACSON 135 WEST 52ND STREET
NEW YORK, NY 10019KISLEV PARTNERS, L.P.
C/O ALEXICO MGMT, 150 EAST 58TH STREET
NEW YORK, NY 10155

28

A This partner is a ☐ general partner ☒ limited partner
☐ limited liability company member

B What type of entity is this partner? ▶ INDIVIDUAL

C Is this partner a ☒ domestic or a ☐ foreign partner?D Enter partner's % of
(i) Before change or termination (ii) End of year
Profit sharing \$ 40 %
Loss sharing \$ 40 %
Ownership of capital \$ 40 %

E IRS Center where partnership filed return: OGDEN, UT

F Partner's share of liabilities (see instructions):

Nonrecourse \$
Qualified nonrecourse financing \$
Other \$ 41,283.

G Tax shelter registration number ▶

H Check here if this partnership is a publicly traded partnership as defined in section 469(k)(2) ☐I Check applicable boxes: (1) ☐ Final K-1 (2) ☐ Amended K-1

J Analysis of partner's capital accounts:

(a) Capital account at beginning of year	(b) Capital contributed during year	(c) Partner's share of lines 3, 4, and 7, Form 1065, Schedule M-2	(d) Withdrawals and distributions	(e) Capital account at end of year (combine columns (a) through (d))
64,005,112.		-2,948,917.		61,056,195.

(a) Distributive share from

(b) Amount

(c) 1040 filers enter the amount in column (b) on:

Income (Loss)	1 Ordinary income (loss) from trade or business activities.....	1	-1,760.	See Partner's instructions for Schedule K-1 (Form 1065).
	2 Net income (loss) from rental real estate activities.....	2		
	3 Net income (loss) from other rental activities.....	3		
	4 Portfolio income (loss):			Schedule B, Part I, line 1 Schedule B, Part II, line 5 Schedule E, Part I, line 4 Schedule D, line 5, column (f) Schedule D, line 12, column (f) Schedule D, line 12, column (g) Line 5 of worksheet for Sch D, line 28 Enter on applicable in of your return
	a Interest.....	4a	1,191.	
	b Ordinary dividends.....	4b		
	c Royalties.....	4c		
	d Net short-term capital gain (loss).....	4d		
	e (1) Net long-term capital gain (loss).....	4e(1)		
	(2) 28% rate gain (loss).....	4e(2)		
	(3) Qualified 5-year gain.....	4e(3)		
	f Other portfolio income (loss) (attach schedule).....	4f		
	5 Guaranteed payments to partner.....	5		See Partner's instructions for Schedule K-1 (Form 1065).
	6 Net section 1231 gain (loss) (other than due to casualty or theft).....	6		
Deductions	7 Other income (loss) (attach schedule)..... SEE LINE 25	7	-2,948,348.	Enter on applicable in of your return
	8 Charitable contributions (see instructions) (attach schedule).....	8		Schedule A, line 15 or 16
	9 Section 179 expense deduction.....	9		See Partner's instructions for Schedule K-1 (Form 1065).
	10 Deductions related to portfolio income (attach schedule).....	10		
Credits	11 Other deductions (attach schedule).....	11		Form 8556, line 5
	12a Low-income housing credit:			
	(1) From section 42(j)(5) partnerships.....	12a(1)		See Partner's instructions for Schedule K-1 (Form 1065).
	(2) Other than on line 12a(1).....	12a(2)		
	b Qualified rehabilitation expenditures related to rental real estate activities.....	12b		
	c Credits (other than credits shown on lines 12a and 12b) related to rental real estate activities.....	12c		
	d Credits related to other rental activities.....	12d		
	13 Other credits.....	13		

BAA For Paperwork Reduction Act Notice, see instructions for Form 1065.

Schedule K-1 (Form 1065) 2002

Schedule K-1 (Form 1065) 2002 KISLEV PARTNERS, L.P. 98-0174122

Page 2

(a) Distributive share item		(b) Amount	(c) 1043 filers enter the amount in column (b) on:
Investment Interest	14a Interest expense on investment debts	14a	Form 4952, line 1
	b (1) Investment income included on lines 4a, 4b, 4c, and 4f	14b(1)	
	(2) Investment expenses included on line 10	14b(2)	
Self-employment	15a Net earnings (loss) from self-employment	15a	Schedule SE, Section A or B
	b Gross farming or fishing income	15b	
	c Gross nonfarm income	15c	
Adjustments and Tax Preference Items	16a Depreciation adjustment on property placed in service after 1986	16a	See Partner's instructions for Schedule K-1 (Form 1065).
	b Adjusted gain or loss	16b	
	c Depletion (other than oil and gas)	16c	
	d (1) Gross income from oil, gas, and geothermal properties	16d(1)	
	(2) Deductions allocable to oil, gas, and geothermal properties	16d(2)	
e Other adjustments & tax preference items (attach sch)	16e		
Foreign Taxes	17a Name of foreign country or U.S. possession		Form 1116, Part I
	b Gross income from all sources	17b	
	c Gross income sourced at partner level	17c	
	d Foreign gross income sourced at partnership level:		
	(1) Passive	17d(1)	
	(2) Listed categories (attach schedule)	17d(2)	
	(3) General limitation	17d(3)	
	e Deductions allocated and apportioned at partner level:		
	(1) Interest expense	17e(1)	
	(2) Other	17e(2)	
	f Deductions allocated and apportioned at partnership level to foreign source income:		
	(1) Passive	17f(1)	
(2) Listed categories (attach schedule)	17f(2)		
(3) General limitation	17f(3)		
g Total foreign taxes (check one): <input type="checkbox"/> Paid <input type="checkbox"/> Accrued	17g	Form 1116, Part II	
h Reduction in taxes available for credit (attach schedule)	17h		
Other	18a Section 59(a)(2) expenditures: a Type		Form 1116, line 12
	b Amount	18b	
	19 Tax-exempt interest income	19	See Partner's instructions for Schedule K-1 (Form 1065).
	20 Other tax-exempt income	20	
	21 Nondeductible expenses	21	Form 1040, line 8b
	22 Distributions of money (cash and marketable securities)	22	
	23 Distributions of property other than money	23	See Partner's instructions for Schedule K-1 (Form 1065).
	24 Recapture of low-income housing credit:		
	a From section 42(f)(5) partnerships	24a	
	b Other than on line 24a	24b	
Supplemental Information	25 Supplemental information required to be reported separately to each partner (attach additional schedules if more space is needed):		
	LINE 7 OTHER INCOME (LOSS)		
Supplemental Information	LOSS ON SECTION 988		
	TOTAL		\$ -2,948,348.
Supplemental Information	LINE 25 SUPPLEMENTAL INFORMATION		
	SUSPENDED SECTION LOSS DUE TO BASIS LIMITATION \$63,196,249		
Supplemental Information	SECTION 988 LOSS SUSPENDED DUE TO PARTNER BASIS LIMITATION		

Schedule K-1
(Form 1065)

Partner's Share of Income, Credits, Deductions, etc

OMB No. 1545-0046

2002

Department of the Treasury
Internal Revenue Service

beginning 11/01

For calendar year 2002 or tax year

2002, and ending 12/31

20 02

Partner's identifying number ▶

-0462

Partnership's identifying number ▶

98-0174122

Partner's name, address, and ZIP code

IZAK SENBAHAR

C/O ALEXICO MGMT. 150 E 58TH STREET
NEW YORK, NY 10155

Partnership's name, address, and ZIP code

KISLEV PARTNERS, L.P.

C/O ALEXICO MGMT, 150 EAST 58TH STREET
NEW YORK, NY 10155A This partner is a ☐ general partner ☒ limited partner
☐ limited liability company member

B What type of entity is this partner? ▶ INDIVIDUAL

C Is this partner a ☒ domestic or a ☐ foreign partner?

D Enter partner's % of (i) Before change or termination (ii) End of year

Profit sharing..... \$ 45 %

Loss sharing..... \$ 45 %

Ownership of capital..... \$ 45 %

E IRS Center where partnership filed return: OGDEN, UT

J Analysis of partner's capital accounts

(a) Capital account at beginning of year

(b) Capital contributed during year

(c) Partner's share of lines 3, 4, and 7, Form 1065, Schedule M-2

(d) Withdrawals and distributions

(e) Capital account at end of year (combine columns (a) through (d))

64,005,113.

-2,948,918.

61,056,195.

(a) Distributive share item

(b) Amount

(c) 1040 filers enter the amount in column (b) on:

1 Ordinary income (loss) from trade or business activities..... 1 -1,760.

2 Net income (loss) from rental real estate activities..... 2

3 Net income (loss) from other rental activities..... 3

4 Portfolio income (loss):

a Interest..... 4a

b Ordinary dividends..... 4b

c Royalties..... 4c

d Net short-term capital gain (loss)..... 4d

e (1) Net long-term capital gain (loss)..... 4e(1)

(2) 28% rate gain (loss)..... 4e(2)

(3) Qualified 5-year gain..... 4e(3)

f Other portfolio income (loss) (attach schedule)..... 4f

5 Guaranteed payments to partner..... 5

6 Net section 1231 gain (loss) (other than due to casualty or theft)..... 6

7 Other income (loss) (attach schedule)..... SEE LINE 25

8 Charitable contributions (see instructions) (attach schedule)..... 8

9 Section 179 expense deduction..... 9

10 Deductions related to portfolio income (attach schedule)..... 10

11 Other deductions (attach schedule)..... 11

12a Low-income housing credit:

(1) From section 42(j)(5) partnerships..... 12a(1)

(2) Other than on line 12a(1)..... 12a(2)

b Qualified rehabilitation expenditures related to rental real estate activities..... 12b

c Credits (other than credits shown on lines 12a and 12b) related to rental real estate activities..... 12c

d Credits related to other rental activities..... 12d

13 Other credits..... 13

See Partner's instructions for Schedule K-1 (Form 1065).

Schedule B, Part I, line 1
Schedule B, Part II, line 5
Schedule E, Part I, line 4
Schedule D, line 5, column (f)
Schedule D, line 12, column (f)
Schedule D, line 12, column (g)
Line 5 of worksheet for Sch D, line 28
Enter on applicable in of your return

See Partner's instructions for Schedule K-1 (Form 1065).

Enter on applicable in of your return
Schedule A, line 15 or 16

See Partner's instructions for Schedule K-1 (Form 1065).

Form 8586, line 5

See Partner's instructions for Schedule K-1 (Form 1065).

BAA For Paperwork Reduction Act Notice, see instructions for Form 1065.

Schedule K-1 (Form 1065) 2002

Schedule K-1 (Form 1065) 2002 KISLEV PARTNERS, L.P. 98-0174122

Page 2

(a) Distributive share item		(b) Amount	(c) 1043 filers enter the amount in column (b) on:
Investment interest	14a Interest expense on investment debts	14a	Form 4952, line 1 See Partner's instructions for Schedule K-1 (Form 1065).
	b (1) Investment income included on lines 4a, 4b, 4c, and 4f	14b(1) 1,190.	
	(2) Investment expenses included on line 10	14b(2)	
Self-employment	15a Net earnings (loss) from self-employment	15a	Schedule SE, Section A or B See Partner's instructions for Schedule K-1 (Form 1065).
	b Gross farming or fishing income	15b	
	c Gross nonfarm income	15c	
Adjustments and Tax Preference Items	16a Depreciation adjustment on property placed in service after 1986	16a	See Partner's instructions for Schedule K-1 (Form 1065) and instructions for Form 6251.
	b Adjusted gain or loss	16b	
	c Depletion (other than oil and gas)	16c	
	d (1) Gross income from oil, gas, and geothermal properties	16d(1)	
	(2) Deductions allocable to oil, gas, and geothermal properties	16d(2)	
	e Other adjustments & tax preference items (attach sch.)	16e	
Foreign Taxes	17a Name of foreign country or U.S. possession	17a	Form 1116, Part I
	b Gross income from all sources	17b	
	c Gross income sourced at partner level	17c	
	d Foreign gross income sourced at partnership level:		
	(1) Passive	17d(1)	
	(2) Listed categories (attach schedule)	17d(2)	
	(3) General limitation	17d(3)	
	e Deductions allocated and apportioned at partner level:		
	(1) Interest expense	17e(1)	
	(2) Other	17e(2)	
	f Deductions allocated and apportioned at partnership level to foreign source income:		
	(1) Passive	17f(1)	
(2) Listed categories (attach schedule)	17f(2)		
(3) General limitation	17f(3)		
g Total foreign taxes (check one): <input type="checkbox"/> Paid <input type="checkbox"/> Accrued	17g	Form 1116, Part II Form 1116, line 12.	
h Reduction in taxes available for credit (attach schedule)	17h		
Other	18a Section 59(e)(2) expenditures: a Type	18a	See Partner's instructions for Schedule K-1 (Form 1065).
	b Amount	18b	
	18 Tax-exempt interest income	18	Form 1040, line 8b
	20 Other tax-exempt income	20	
	21 Nondeductible expenses	21	See Partner's instructions for Schedule K-1 (Form 1065).
	22 Distributions of money (cash and marketable securities)	22	
	23 Distributions of property other than money	23	
	24 Recapture of low-income housing credit:		Form 8811, line 8
a From section 42(j)(5) partnerships	24a		
b Other than on line 24a	24b		
25 Supplemental information required to be reported separately to each partner (attach additional schedules if more space is needed)			
Supplemental information	LINE 7 OTHER INCOME (LOSS)		
	LOSS ON SECTION 988		
	TOTAL		\$ -2,948,348.
			\$ -2,948,348.
LINE 25 SUPPLEMENTAL INFORMATION			
SUSPENDED SECTION 988 LOSS DUE TO BASIS LIMITATION \$63,219,249			
SECTION 988 LOSS SUSPENDED DUE TO PARTNER BASIS LIMITATION			

Internal Revenue Service
230 S. Dearborn MS 4031 CHI Room 2043
Attn: Brenda Williams
Chicago, IL 60604

Department of the Treasury

Refer To: Brenda Williams

Name of Partnership: Kislev Partners L.P.

Partnership Identifying Number: 98-0174122

Tax Year Ended: 12/31/2002

Date FPAA Mailed to the Tax Matters Partner:

MAR 28 2007

Person to Contact: Brenda Williams
Employee Number: 38-08840

Contact Telephone Number: 312-566-2449
(not a toll free number)

Contact Hours: 8:00 AM to 4:30 PM

Date: MAR 28 2007

Izak Senbahar
as the Tax Matters Partner
Kislev Partners, L.P.
c/o Alexico Mgmt
150 East 58th Street
New York, NY 10155

NOTICE OF FINAL PARTNERSHIP ADMINISTRATIVE ADJUSTMENT

The law requires us to send a Notice of Final Partnership Administrative Adjustment (FPAA) to the partnership named above, for the tax year shown above, and to each partner who is entitled to receive this notice.

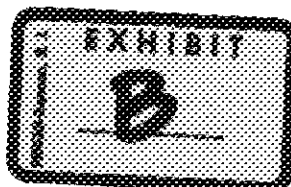
We are proposing adjustments to the partnership items of the partnership and the tax year shown above. We will send the examination report outlining these adjustments to the Tax Matters Partner (TMP) of the partnership. (The TMP is the partner designated by the partnership to deal with the IRS.) He/she is also authorized to act for the partners who are not entitled to receive this notice. Any partner who wants a copy of the examination report should request it from the TMP. If the TMP is unable to provide you with a copy of the examination report, please contact the person named in the heading of this letter.

Taxable Years Ending Before August 6, 1997:

The adjustments to the partnership items reported on the partnership tax return may cause an increase or decrease to the tax liability on your individual return. Form 870-P, *Agreement to Assessment and Collection of Deficiency in Tax for Partnership Adjustments*, is a summary of the proposed adjustments to the partnership return. You can compute your share of the proposed adjustments by multiplying each adjusted partnership item by your percentage interest for that partnership item.

Taxable Years Ending After August 5, 1997:

The adjustments to the partnership items reported on the partnership tax return may cause an increase or decrease in the tax liability on your individual return. The adjustments may include partnership level determinations regarding penalties and additions to tax that relate to adjustments to partnership items. Form 870-PT, *Agreement for Partnership Items and Partnership Level Determinations as to Penalties, Additions to Tax, and Additional Amounts*, is a summary of the proposed adjustments to the partnership return. You can compute your share of the proposed adjustments by multiplying each adjusted partnership item by your percentage interest for that partnership item.



Letter 1830 (DO) (Rev. 3-2001)

You have three options available to you:

1. If you agree with the adjustments:

Sign and return the enclosed Form 870-P/Form 870-PT. When you sign Form 870-P/Form 870-PT, you are agreeing to pay any additional tax and interest resulting from the adjustments to the partnership return. For tax years ending after August 5, 1997, you are also agreeing to any partnership level determination as to penalties, additions to tax and additional amounts that relate to adjustments to partnership items, if any. In addition, you are waiving your rights to participate in any administrative or judicial proceeding affecting partnership items and in partnership level determinations as to penalties, additions to tax and additional amounts that relate to adjustments to partnership items for the tax year in question. This is a binding settlement only if you sign and return Form 870-P/Form 870-PT and we sign on behalf of the Commissioner of Internal Revenue Service. When we sign the agreement form, the one-year extension of the period of limitations on assessments will begin under Internal Revenue Code section 6229(f). Once the agreement is signed by both parties, you may not file a claim to change the items in question or claim a refund/credit based on a readjustment.

Note: If you are the TMP of the partnership, see the section of this letter entitled, "*For the Tax Matters Partner of the Partnership*".

2. If you do not agree with the adjustments:

If you are the TMP of the partnership and want to contest the adjustments in court, you must file a petition within 90 days from the date this letter. During this 90-day period, no other partner may file a petition for judicial review. You can file your petition for readjustment of partnership items with:

1. the United States Tax Court;
2. the United States Court of Federal Claims; or
3. the District Court of the United States, in the district of the partnership's principal place of business.

A petition filed by the TMP precludes all other actions. If the TMP doesn't file a petition by the 90th day from the date the FPAA was mailed, any partner or any 5 percent group entitled to receive this notice may petition one of these courts. A "5 percent group" includes any group of partners who together have an interest of five percent or more in profits of the partnership. The petition must be filed after the 90th day, but on or before the 150th day from the date the FPAA was mailed to the TMP. If more than one petition is filed in Tax Court, the first petition will go forward. All other petitions (even those filed earlier in one of the other courts) will be dismissed. If no one files a petition in Tax Court, the first petition filed in one of the other courts will go forward and subsequent petitions will be dismissed.

Petitions filed with the United States Tax Court must be mailed to:

United States Tax Court
400 Second Street, NW
Washington, DC 20217

Attach a copy of this letter to the petition. The time in which you must file a petition with the court is fixed by law and the court can't consider your case if your petition is filed late. If this letter is addressed to both a husband and wife and both want to petition the Tax Court, both must sign the petition or each must file a separate signed petition.

When a partner (including each member of a 5 percent group that files a petition) files a petition in either the appropriate District Court of the Court of Federal Claims, the partner filing the petition must deposit the amount that the partner's tax liability would be increased if the treatment of the partnership

Form 870-LT
(Rev. 8-2006)

Department of the Treasury — Internal Revenue Service

**Agreement for Partnership Items and Partnership Level
Determinations as to Penalties, Additions to Tax, and
Additional Amounts and Agreement for Affected Items**IN REPLY
REFER TO:

Brenda Williams

Taxpayer(s) name(s), address and ZIP code:

Izak Senbahar
as the Tax Matters Partner
Kislev Partners, L.P.
c/o Alexico Mgmt.
150 East 58th Street
New York, NY 10155

Name of Partnership:

Kislev Partners, L.P.

Tax Year(s) Ended:

December 31, 2002

Taxpayer identifying Number:

98-0174122

Name of Tax Matters Partner:

Izak Senbahar

Taxpayer identifying Number: 98-0174122

**Part I — Offer of Agreement to Partnership Items and Partnership Level Determinations as to
Penalties, Additions to Tax, and Additional Amounts****&
Waiver of Restrictions on Assessment for Partnership Items, Penalties, Additions to Tax, and
Additional Amounts**

Under sections 6224(c) and 7121 of the Internal Revenue Code (IRC) of 1986, the Commissioner of the Internal Revenue Service and the undersigned taxpayer(s) agree to the determination of partnership items and partnership level determinations as to penalties, additions to tax, and additional amounts that relate to adjustments to partnership items as shown on the attached schedule of adjustments.

The undersigned taxpayer(s), in accordance with IRC sections 6224(b) and 6213(d), also waive the restrictions provided by IRC sections 6225(a) and 6213(a) and consent to the assessment and collection of any deficiency attributable to partnership items, penalties, additions to tax, and additional amounts that relate to partnership items, as determined in this agreement, plus any interest provided by law.

This is a binding settlement only when you sign this form, it is returned to us, and we sign on behalf of the Commissioner. When we sign the agreement form, the one-year extension of the period of limitations on assessments will begin under Internal Revenue Code section 6229(f). If this is a partial agreement, the period of limitations for assessing any tax attributable to the settled items shall be determined as if this agreement had not been entered into.

If Part I of this agreement form is signed for the Commissioner, the treatment of partnership items and partnership level determinations as to penalties, additions to tax and additional amounts that relate to adjustments to partnership items under this agreement will not be reopened in absence of fraud, malfeasance, or misrepresentation of fact. In addition, no claim for an adjustment of partnership items, refund or credit based on any change in the treatment of partnership items or partnership level determinations as to penalties, additions to tax, and additional amounts may be filed or prosecuted.

Signature of Taxpayer	Date Signed	Phone Number
Signature of Taxpayer	Date Signed	Phone Number
By (Signature and Title)	Date Signed	Phone Number
FOR INTERNAL REVENUE USE ONLY	Date accepted for Commissioner	Signature
	Office	Title

Part II – Offer of Agreement for Affected Items and Waiver of Restrictions on Assessment

Under sections 6224(c) and 7121 of the Internal Revenue Code (IRC) of 1986, the Commissioner of the Internal Revenue Service and the undersigned taxpayer(s) agree to the determination of partner level determinations (affected items) as shown on the attached schedule of adjustments.

The undersigned taxpayer(s), in accordance with IRC sections 6224(b) and 6213(d), also waive the restrictions provided by IRC sections 6225(a) and 6213(a) and consent to the assessment and collection of any deficiency attributable to partner level determinations, as set forth in the attached schedule of adjustments, plus any interest provided by law. This is a binding settlement only when you sign this form; return it to us and we sign on behalf of the Commissioner.

If Part II of this agreement form is signed for the Commissioner, the treatment under this agreement of the specified affected items and the partner level determinations as to penalties, additions to tax, and additional amounts that relate to adjustments to partnership items will not be reopened in absence of fraud, malfeasance, or misrepresentation of fact. In addition, no claim for an adjustment of affected items or partner level determinations as to penalties, additions to tax, and additional amounts, or a refund or credit based on any change in the treatment of these affected items or partner level determinations as to penalties, additions to tax, and additional amounts may be filed or prosecuted. If this is a partial agreement, the period of limitations for assessing any tax attributable to the settled items shall be determined as if this agreement had not been entered into.

This agreement with respect to affected items and partner level determinations as to penalties, additions to tax, and additional amounts is not subject to a request for consistent settlement terms pursuant to IRC section 6224(c)(2).

Signature of Taxpayer		Date Signed	Phone Number
Signature of Taxpayer		Date Signed	Phone Number
By (Signature and Title)		Date Signed	Phone Number
FOR INTERNAL REVENUE USE ONLY	Date accepted for Commissioner	Signature	
	Office	Title	

INSTRUCTIONS FOR SIGNING FORM 870-LT

1. Sign Part I (Offer of Settlement of Partnership Items and Partnership Level Determinations as to Penalties, Additions to Tax, and Additional Amounts) and Waiver of Restrictions on Assessment for Partnership Items, Penalties, Additions to Tax, and Additional Amounts) of Form 870-LT to settle the partnership items and partnership level determinations as to penalties, additions to tax, and additional amounts, if any, as shown on the attached Schedule of Adjustments.
2. Sign Part II (Offer of Settlement of Affected Items and Waiver of Restrictions on Assessment) of Form 870-LT to settle the items that require partner level determinations (affected items, including penalties, additions to tax, and additional amounts, if any). These items are also shown on the attached Schedule of Adjustments.

If you sign Part I, but don't sign Part II, we will mail you one of the following:

- An affected item report, including penalties, additions to tax, and additional amounts, if any, showing the adjustments to your return. You can agree to the affected items at that time or request further Appeals consideration. The report will explain how to do this.
- A notice of deficiency for the affected items other than penalties, additions to tax, and additional amounts. The notice will tell you how to file a petition with the United States Tax Court to dispute the deficiency attributable to the affected items other than penalties, additions to tax, and additional amounts. Penalties, additions to tax, and additional amounts, if any, will be assessed. You must then pay the tax and penalties before you may file a claim for refund to raise any partner level defenses per IRC section 6230(c)(1).

The execution and filing of this offer will expedite the adjustment of tax liability.

3. Your agreement to the corrected partnership items in Part I of Form 870-LT will remain in effect, whether or not you sign Part II of this form.
 4. If a JOINT RETURN OF A HUSBAND AND WIFE was filed and both spouses intend to agree, both spouses should sign Form 870-LT. One spouse may sign as agent for the other if acting under a power of attorney, which, if not previously filed, must accompany this form. The IRS may accept the signature of only one spouse at its discretion. However, the agreement will only be binding on the signing spouse.
 5. If the taxpayer is a corporation, the agreement must be signed with the corporate name followed by the signature and title of the officer authorized to sign Form 870-LT.
 6. Your attorney or agent may sign either part of the form for you if this action is specifically authorized by a power of attorney, which if not previously filed, must accompany this form.
 7. If this offer is signed by a trust, the agreement must be signed with the trust name, followed by the signature and title of the person authorized to sign on behalf of the trust.
 8. For a partner who is a member of a consolidated group and the agreement is for a partnership year(s) ending on or before the last day of a consolidated return year beginning before June 28, 2002, the agreement should be signed by a currently authorized officer of the corporation who was the common parent corporation of the consolidated group for the relevant consolidated return year(s). The common parent corporation signs the agreement in its own name. The signature and title of a current officer of the common parent corporation, who is authorized to bind the common parent corporation, should be displayed in the signature block. See Treas. Reg. § 1.1502-77A(a). However, if the agreement is for a partnership year(s) ending on or before the last day of a consolidated return year beginning on or after June 28, 2002, then a currently authorized officer of the subsidiary corporation should sign the agreement and should do so in the name of the subsidiary corporation. See Treas. Reg. § 1.1502-77(a)(6)(iii). The signature and title of a current officer of the subsidiary corporation, who is authorized to bind the corporation, should be displayed in the signature block.
- For a partner who is the common parent corporation of a consolidated group and the agreement is for a partnership year(s) ending on or before the last day of a consolidated return year beginning before, on or after June 28, 2002, a currently authorized officer of the corporation who was the common parent corporation of the consolidated group for such consolidated return year(s) should sign the agreement in the name of the common parent corporation. See Treas. Reg. § 1.1502-77(a).
9. If the Tax Matters Partner signs this offer, please include the title with the signature.
 10. If the Tax Matters Partner is a subsidiary corporation in a consolidated group and the agreement is for a partnership year(s) ending on or before the last day of a consolidated return year beginning before June 28, 2002, then a currently authorized officer of the corporation who was the common parent corporation of the consolidated group for such consolidated return year should sign the agreement on behalf of the Tax Matters Partner. The signature and title of a current officer of the common parent corporation, who is authorized to bind the common parent corporation, should be displayed in the signature block. See Treas. Reg. § 1.1502-77A(a). An authorized officer for the subsidiary corporation should also sign if it, as the Tax Matters Partner, is binding non-notice partners under the agreement. However, if the agreement is for partnership year(s) ending on or before the last day of a consolidated return year beginning on or after June 28, 2002, then a currently authorized officer of the subsidiary corporation should sign the agreement in the name of the subsidiary corporation. See Treas. Reg. § 1.1502-77(a)(3)(v).

NOTE: The submission of this offer by you and the acceptance of the offer for the Commissioner may result in an additional tax liability to you plus interest as provided by law. If the result is a decrease in tax, the amount of the decrease will be sent to you with interest as provided by law.

Department of the Treasury — Internal Revenue Service

**Agreement for Partnership Items and Partnership Level
Determinations as to Penalties, Additions to Tax, and
Additional Amounts and Agreement for Affected Items**

SCHEDULE OF ADJUSTMENTS

NAME OF PARTNERSHIP Kislev Partners, L.P.	TAX YEAR(S) ENDED		
TAXPAYER IDENTIFYING NUMBER 98-0174122	12/31/2002		
DETAIL OF ADJUSTMENTS TO ORDINARY INCOME			
Ordinary income (loss) from trade or business	3,911.00		
TOTAL ADJUSTMENTS TO ORDINARY INCOME	3,911.00		
OTHER ADJUSTMENTS			
A. Portfolio income (loss) interest:			
(1) ADJUSTMENT			
(2) AS REPORTED	(2,846.00)		
(3) CORRECTED	2,846.00		
	0.00		
B. Other income (loss)			
(1) ADJUSTMENT			
(2) AS REPORTED	6,551,884		
(3) CORRECTED	(6,551,884)		
	0.00		
REMARKS			

Form 870-LT, Other Adjustments (Continued)

Page 2 of 2

NAME OF PARTNERSHIP Kislev Partners, L.P.	TAX YEAR(S) ENDED		
TAXPAYER IDENTIFYING NUMBER 98-0174122	12/31/2002		
C. Investment income included in portfolio income			
(1) ADJUSTMENT			
(2) AS REPORTED	(2,646.00)		
(3) CORRECTED	2,646.00		
	0.00		
D. Basis			
(1) ADJUSTMENT			
(2) AS REPORTED	*		
(3) CORRECTED	*		
	-0-		
E. Capital Accounts			
(1) ADJUSTMENT			
(2) AS REPORTED	(135,680,434)		
(3) CORRECTED	135,680,434		
	0.00		
F.			
(1) ADJUSTMENT			
(2) AS REPORTED			
(3) CORRECTED			
G.			
(1) ADJUSTMENT			
(2) AS REPORTED			
(3) CORRECTED			
H.			
(1) ADJUSTMENT			
(2) AS REPORTED			
(3) CORRECTED			
I.			
(1) ADJUSTMENT			
(2) AS REPORTED			
(3) CORRECTED			

Exhibit A - Explanation of Items

KISLEV PARTNERS, L.P.

Final Partnership Administrative Adjustment Letter

Tax Year Ended - December 31, 2002 TIN: 98-0174122

1. It has not been established that the formation of Kislev Partners, LP (hereinafter the "partnership"), its purported acquisition of built-in-loss assets, the subsequent actual or deemed sale or exchange of such built-in loss assets (and/or assets whose adjusted bases were determined, in whole or in part, with reference to the adjusted basis of such assets), and/or the sale or exchange of interests in the partnership (or related partnerships) (hereinafter the "Transactions"), were imbued with economic substance and supported by bona fide business purpose. Accordingly, all reported losses of the partnership arising from the Transactions involving and/or related to the built-in-loss assets (also referred to herein as the "distressed assets") are disallowed.
2. It has not been established that the partnership was formed and availed of for the purpose of carrying on business by partner or for the sharing of profits and losses from such activity. The partnership and alleged transactions undertaken by the partnership and/or its purported partners were shams for federal tax purposes. All claimed losses are accordingly disallowed, and the partnership is disregarded for federal income tax purposes.
3. It has not been established that the form of the Transactions reflects the true substance of the Transactions for federal income tax purposes. The contributions of distressed assets to the partnership are treated in substance as never having been contributed to it; such assets are instead treated as having been sold to the partnership by the purported partner contributing the same for an amount equal to the amount which such contributing partner allegedly received later upon the alleged sale or exchange of its interest in the partnership (or another partnership to which such interest was transferred). In the alternative, such assets are treated in substance as having been purchased from the purported contributing partner by the partner allegedly purchasing such contributing partner's interest in the partnership (or another partnership to which such interest was transferred) in an amount equal to the amount paid for the alleged purchase of such partnership interest, followed by the contribution of the distressed assets by the purchasing partner to the partnership. Giving effect to the substance, not the form, of the Transactions, all claimed losses are disallowed.
4. It has not been established that the Transactions involving the distressed assets should not be collapsed under the step transaction doctrine and taxed in accordance with their true substance as constituting part of a unified integrated plan in which the partnership

Exhibit A - Explanation of Items

KISLEV PARTNERS, L.P.

Final Partnership Administrative Adjustment Letter

Tax Year Ended - December 31, 2002 TIN: 98-0174122

was utilized as a mere conduit serving no business purpose and having no economic substance through which the distressed assets were in form allegedly passed to effectuate desired inflated basis in the distressed assets and non-economic artificial losses. Giving effect to the application of the step transaction doctrine, all claimed losses are disallowed.

5. It has not been established that the partnership was formed and availed of, in connection with the Transactions, other than for the principal purpose to substantially reduce the present value of its partners' aggregate federal tax liabilities in a manner inconsistent with the intent of Subchapter K of the Internal Revenue Code. Pursuant to Section 1.701-2 of the Income Tax Regulations, it is determined that:
 - a. The partnership is disregarded and all actions and activity allegedly undertaken and/or conducted by the partnership are treated as having been undertaken and/or conducted by its purported partners in their individual capacities, not as partners;
 - b. All purported contributions of distressed assets to the partnership are treated as never having been contributed to it; such assets are instead treated as having been sold to the partnership by the purported partner contributing the same for an amount equal to the amount which such contributing partner allegedly received later upon the alleged sale or exchange of its interest in the partnership interest (or another partnership to which such interest was transferred). In the alternative, such assets are treated as having been purchased from the purported contributing partner by the partner allegedly purchasing such contributing partner's interest in the partnership (or another partnership to which such interest was transferred) in an amount equal to the amount paid for the alleged purchase of such partnership interest, followed by the contribution of the distressed assets by the purchasing partner to the partnership;
 - c. All alleged contributions to the partnership giving rise to claimed basis by the partnership in such assets are treated as not having been made to the partnership; the alleged transfers giving rise to said claimed contributions are instead treated as involving transfers by and among the alleged partners in their individual capacities, not as partners;

Exhibit A - Explanation of Items
KISLEV PARTNERS, L.P.
Final Partnership Administrative Adjustment Letter
Tax Year Ended - December 31, 2002 TIN: 98-0174122

- d. All claimed losses of the partnership arising from the Transactions are disallowed as not reflecting true economic loss of the partnership and/or any of the purported partners to whom such loss was allocated.

Accordingly, all claimed losses are disallowed in full.

6. It has not been established that the partnership had any basis in the distressed assets. In this regard, it has not been established that the distressed assets were in fact contributed or, if contributed, that the alleged contributing partner had any basis in such assets or that such assets had any value at the time they were contributed and were property within the meaning of Section 723. It is therefore determined that such bases are zero, and any claimed losses with respect to such assets are disallowed.
7. It has not been established that the partnership incurred any claimed losses during the taxable year in issue or that it is otherwise entitled to any deduction under any provision of the Internal Revenue Code. Accordingly, all reported losses involving and/or related to the built-in-loss assets are disallowed.
8. It has not been established that any claimed losses involving and/or related to the built-in-loss assets acquired by or for the partnership resulted from a transaction entered into for profit, and, accordingly, no such losses are allowable under any provision of the Internal Revenue Code, including, but not limited to, Section 165(c)(2).
9. Alternatively, if any portion of the claimed basis in the distressed assets is otherwise allowable, it is determined that any portion of the basis and related loss claimed for the distressed assets that results from, or otherwise relates to, the excess of basis over fair market value (FMV) of such assets at the time the same were allegedly contributed to the partnership, should be allocated to the contributing partner, under the authority of Section 482 of the Internal Revenue Code.
10. Alternatively, if any portion of any claimed loss relating to the distressed assets is otherwise allowable, it is determined that with regard to any portion of the loss recognized on the actual or deemed sale or exchange of the distressed assets that is attributable to the excess of basis over FMV of the distressed assets at the time such assets were contributed to the partnership, the allocation of any of such loss to the U.S. partners is unreasonable, and that portion of such loss should be allocated to the alleged partners that purportedly

Exhibit A - Explanation of Items
KISLEV PARTNERS, L.P.
Final Partnership Administrative Adjustment Letter
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contributed the distressed assets, in accordance with the authority of Section 1.704-3(a)(8) and (10) of the Income Tax Regulations. Accordingly, in the alternative, the claimed loss relating to the distressed assets should be allocated to the partners that contributed the distressed assets.

11. Alternatively, it has not been established that any of the alleged partners of the partnership were at-risk under Section 465 of the Internal Revenue Code with regard to the activities conducted by the partnership during the taxable period(s) in issue.
12. Alternatively, it has not been established that claimed losses relating to the distressed assets were not passive activity losses subject to the limitations of Section 469 of the Internal Revenue Code.

Penalties (applicable to all adjustments)

1. The adjustments to the partnership items determined herein are attributable to a tax shelter within the meaning of Section 6662(d)(2)(C)(ii) of the Internal Revenue Code. The partnership and its purported partners/members had, as a significant purpose, the avoidance or evasion of federal income tax, lacked substantial authority for the positions taken, and did not have a reasonable belief that those positions were more likely than not the correct treatment of such items.
2. It is also determined that all of the underpayments of tax resulting from the adjustments of partnership items made herein are attributable to (1) a substantial understatement, (2) a gross valuation misstatement, and/or (3) negligence or disregard of rules or regulations.
3. In addition, it is determined that the partnership and its partners did not have reasonable cause and good faith for any of the resulting underpayments, or that any other exceptions to the accuracy-related penalty apply.
4. It is therefore determined that the accuracy-related penalty under Section 6662 of the Internal Revenue Code applies to all underpayments of tax attributable to adjustments of partnership items determined herein. The components of the accuracy-related penalty are imposed as follows:

Exhibit A - Explanation of Items

KISLEV PARTNERS, L.P.

Final Partnership Administrative Adjustment Letter

Tax Year Ended - December 31, 2002 TIN: 98-0174122

- A. a 40 percent penalty is imposed on any portion of the underpayment that is attributable to a gross valuation misstatement as provided by Sections 6662(a), 6662(b)(3), 6662(e), and 6662(h) of the Internal Revenue Code.
- B. a 20 percent penalty is imposed on any portion of the underpayment attributable to negligence or disregard of rules and regulations as provided by Sections 6662(a), 6662(b)(1), 6662(c) of the Internal Revenue Code.
- C. a 20 percent penalty is imposed on the portion of the underpayment attributable to the substantial understatement of income tax as provided by sections 6662(a), 6662(b)(2), and 6662(d) of the Internal Revenue Code.
- D. a 20 percent penalty is imposed on the underpayment attributable to the substantial valuation misstatement as provided by Sections 6662(a), 6662(b)(3) and 6662(e) of the Internal Revenue Code.

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August 2, 2007

VIA FEDERAL EXPRESS

James Batory
Internal Revenue Service
2001 Butterfield Road
Downers Grove, IL 60515

Re: Nesim Bahar
██████-2252

Dear Mr. Batory:

I am enclosing JP Morgan Chase Bank check number 4659 made payable to the United States Treasury in the amount of \$9,500.00 to be applied to Nesim Bahar's Form 1040 for the taxable year ended December 31, 2002. This includes the total amount of tax, in addition to any tax previously paid, as well as our calculation of associated interest, that would be due from Mr. Bahar by taking into account all of the adjustments made by the Notice of Final Partnership Administrative Adjustment issued to Kislev Partners, L.P. for the taxable year ended December 31, 2002.

The payment of tax is intended to satisfy the deposit requirements of Internal Revenue Code § 6226(e)(1).

If you have any questions, please give me a call at (404) 853-8150.

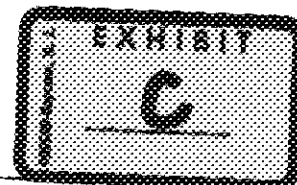
Regards,



Amanda F. Wilson

AFW/aga

AO 1739744.1



Atlanta * Austin * Houston * New York * Tallahassee * Washington, DC

400 EAST 61ST STREET, LLC
150 EAST 61ST STREET, 3RD FLOOR
NEW YORK, NY 10155

JEROMAN CHASE BANK
NEW YORK, NY 10019
1-2216

4658

7/30/2007

PAY TO THE
ORDER OF United States Treasury

Nine Thousand Five Hundred and 00/100

\$ 9,500.00

DOLLARS

United States Treasury
Internal Revenue Service Center
PO Box 7328
Philadelphia, PA 19182-7328

Handwritten signature

004659

© 2005 INTUIT INC. # 042 1-800-451-1010

MEMO

EXHIBIT B

IN THE UNITED STATES COURT OF FEDERAL CLAIMS

KISLEV PARTNERS, L.P.,
by and through Nesim Bahar,
A Partner Other Than the Tax Matters Partner

Plaintiff,

v.

United States of America,

Defendant.

No. 07-625

Judge Mary Ellen Coster Williams

**FIRST AMENDED COMPLAINT FOR READJUSTMENT OF PARTNERSHIP ITEMS
UNDER INTERNAL REVENUE CODE SECTION 6226**

Plaintiff, Kislev Partners, L.P. (“Kislev”), by and through Nesim Bahar, a partner in Kislev, files this Complaint pursuant to Section 6226 of the Internal Revenue Code of 1986, as amended (the “Code”) and Appendix F of the Rules of the United States Court of Federal Claims, petitioning for the readjustment of partnership items that were adjusted by the Internal Revenue Service (the “Service”) in a Notice of Final Partnership Administrative Adjustment issued to Kislev Partners, L.P. (“Kislev”) with respect to Kislev’s taxable year ending December 31, 2002, and as the basis for this case alleges as follows:

I. THE PARTIES

1. Kislev is a limited partnership organized under the laws of the State of Delaware and is treated as a partnership for federal income tax purposes. Kislev’s employer identification

number is 98-0174122. The principal place of business of Kislev at the time of filing this Petition is 150 East 58th Street, 33rd Floor, New York, NY 10155.

2. Mr. Bahar, through his wholly-owned limited liability company, Bahar-USA Developments LLC (“Bahar-USA”), is a partner within the meaning of Code section 6231(a)(2) and is a notice partner within the meaning of Code section 6231(a)(8). Bahar-USA is disregarded as an entity separate from Mr. Bahar for federal income tax purposes under 26 C.F.R. § 301.7701-3(b)(1)(ii).

3. Mr. Bahar’s social security number is XXX-XX-2252 and his address is 165 Charles Street, Unit #25, New York, NY 10014.

4. The defendant is the United States of America, having taken the actions complained of through its agency, the Service.

II. JURISDICTION AND RULES OF THE UNITED STATES COURT OF FEDERAL CLAIMS APP. F RULES 1 AND 2

5. This Court has jurisdiction pursuant to 28 U.S.C. § 1508 and Code section 6226(b)(1).

6. Kislev timely filed its Form 1065 U.S. Return of Partnership Income for the taxable year ending December 31, 2002 with the Service at Ogden, Utah. A copy of the return is attached as Exhibit A.

7. The Service issued a Final Partnership Administrative Adjustment on March 28, 2007 (the “FPAA”). The FPAA was issued by the Service’s Chicago, Illinois office. A copy of the FPAA is attached as Exhibit B.

8. The FPAA was issued with respect to the Kislev taxable year ending December 31, 2002.

9. Pursuant to Code section 6226(e)(1), prior to the filing of this Petition, a deposit was made with the government in the amount of \$9,500, representing the amount by which the tax liability of Mr. Bahar would be increased if the treatment of the “partnership items” on Mr. Bahar’s tax return were made consistent with the treatment of “partnership items” on the partnership return, as adjusted by the FPAA. Attached as Exhibit C is a copy of the paper work and check associated with this deposit.

10. The deposit was made on August 2, 2007 and was sent to Revenue Agent James Batory in the Service’s Chicago, Illinois office.

11. None of the Kislev partnership items have become non-partnership items by reasons of any events described in Code section 6231(b).

12. The period within which any tax attributable to the Kislev partnership items for the taxable year ending December 31, 2002 could be assessed against Mr. Bahar had not expired at the time the FPAA was issued.

13. The Tax Matters Partner of Kislev is Izak Senbahar. Mr. Senbahar’s address is 150 E. 58th Street, New York, NY 10155.

14. Mr. Senbahar has not filed a complaint for readjustment of partnership items within the period specified in Code section 6226(a).

15. Kislev and Mr. Bahar have satisfied all conditions precedent to filing this suit.

III. FACTUAL ALLEGATIONS

16. On October 31, 2002, Sen-Kis LLC (“Sen-Kis”), Izak Senbahar, Bahar-USA, and Games, L.L.C (“Games”) acquired 100 percent of the interests in Kislev (the “Acquisition”).

17. At the time of the Acquisition, the primary assets of Kislev consisted of a real estate contract pursuant to which Kislev agreed to acquire from unrelated third parties property located at 406-410 West Street (the “Real Estate Contract”) and euros.

18. Mr. Bahar and his partners are real estate developers that have a long-standing record of successfully developing residential projects in New York City. They are consistently searching for real estate that can be developed for use in their business.

19. Mr. Bahar and his partners identified the 406-410 West Street property as property well-suited and desirable for their real estate development business. The property had an exceptional location, situated on the Hudson river. Mr. Bahar and his partners wished to acquire ownership of the property.

20. Following the Acquisition, Kislev closed on the Real Estate Contract and proceeded with the development of the 406-410 West Street property. The result was a 16-story residential tower designed by the renowned architect Richard Meier. As Mr. Bahar and his partners had anticipated, the development was successful and profitable.

21. Since the development of the 406-410 West Street property, Kislev continues to develop additional residential real estate projects in New York City.

22. The other primary asset of Kislev at the time of the Acquisition was euros, with respect to which Kislev had a built-in loss. This built-in loss was attributable to a decline in value of assets previously held by Kislev or its direct or indirect subsidiaries. These assets consisted of an investment in a foreign entity that operated duty-free stores and other airport businesses, businesses that experienced significant losses as a result of the establishment of the European Union.

23. On or after December 12, 2002, Kislev converted €1,377,500 into United States dollars.

24. Kislev claimed a basis in the €1,377,500 of \$142,016,024, and recognized an ordinary loss of \$140,636,109 on the conversion of the euros.

25. Kislev reflected the conversion on its 2002 Form 1065, Schedule L, Line 8, Statement 4 by showing a beginning balance in foreign currency of \$142,033,583 and an ending balance of \$0.

26. Code Section 704(d) provides that a partner's distributive share of partnership loss shall be allowed only to the extent of the adjusted basis of such partner's interest in the partnership. Any excess loss is deferred until the partner has sufficient basis in its partnership interest to claim the loss. As of the close of the 2002 taxable year, the Kislev partners' distributive shares of the loss from the conversion of the euros was limited by Code Section 704(d), as the partners did not have sufficient bases in their Kislev interests to report all of the loss. Consequently, on its 2002 Form 1065, Kislev reported a loss of \$6,551,884 on Schedule K, line 7 and reported a deferred loss of \$134,084,225 in Statement 5 to Schedule L, Line 13. The partnership generated income in later years that increased the partners' bases in their partnership

interests and the partnership reported a portion of the 2002 deferred loss on Lines 7 or 11 of the Schedules K attached to each year's Form 1065. Thus the partnership claimed \$41,654,091 of the 2002 loss on its 2003 Form 1065, \$32,766,807 on its 2004 Form 1065, \$8,124,889 on its 2005 Form 1065, and \$30,065,207 on its 2006 Form 1065.

27. The partnership now believes that, although there was no effect on its partners' tax reporting, the manner in which it reported the loss was incorrect. It therefore seeks to correct this error by reporting the entire \$140,636,109 of loss on Line 7 of the Schedule K attached to its 2002 Form 1065. The partnership will file amended returns for any succeeding tax years in which any portion of the 2002 loss was reported by the partnership.

28. This correction does not affect the manner in which the partners, including Mr. Bahar, reported their allocable share of the loss in 2002 and the succeeding years, since, regardless of whether the deferral of the loss was reflected at the partnership or the partner level, under Code Section 704(d) the partners were still entitled to claim their allocable shares of the loss as they had sufficient bases in their Kislev interests. Pursuant to this basis limitation, and irrespective of the partnership's correction, Mr. Bahar could only report \$655,188 of his allocable share of the loss on his 2002 individual income tax return, Form 1040. This is the amount that Mr. Bahar reported in Statement 1 to Line 21 on his 2002 Form 1040.

29. In determining and claiming the loss, Kislev relied on the written legal opinion of a national law firm, as well as the advice of both a nationally recognized tax boutique law firm and its long-time tax advisor.

IV. THE SERVICE'S POSITION

30. On March 28, 2007, the Service issued the FPAA making the adjustments which are at issue in this case. The primary adjustment made by the Service in the FPAA was to disallow the loss recognized by Kislev on the sale of its euros, although the Service raises several alternative arguments and positions. The FPAA also asserts a 40-percent, accuracy-related penalty against Kislev or, alternatively, a 20-percent, accuracy-related penalty.

31. This complaint challenges all of the adjustments made by the Service in the FPAA.

V. ASSIGNMENTS OF ERROR

32. The FPAA, and each and every determination and alternative position in the FPAA, is in error. Specifically, the Service committed the following errors in the FPAA:

a. The Service erred in determining that Kislev's ordinary income (loss) should be increased by \$3,911 for the tax year ending December 31, 2002.

b. The Service erred in determining that Kislev's portfolio income (loss) should be reduced by \$2,646 for the tax year ending December 31, 2002.

c. The Service erred in determining that Kislev's other income (loss) should be increased by \$6,551,884 for the tax year ending December 31, 2002.

d. The Service erred in determining that Kislev's capital accounts should be decreased by \$135,680,434 for the tax year ending December 31, 2002.

e. The Service erred in determining that "[i]t has not been established that the formation of Kislev Partners, LP (hereinafter the 'partnership'), its purported acquisition of built-in-loss assets (and/or assets whose adjusted bases were determined, in whole or in part, with reference to the adjusted basis of such assets), and/or the sale or exchange of interests in the

partnership (or related partnerships) (hereinafter the ‘Transactions’), were imbued with economic substance and supported by bona fide business purpose.”

f. The Service erred in determining that “[i]t has not been established that the partnership was formed and availed of for the purpose of carrying on business by partner or for the sharing of profits and losses from such activity. The partnership and alleged transactions undertaken by the partnership and/or its purported partners were shams for federal tax purposes.”

g. The Service erred in determining that “[i]t has not been established that the form of the Transactions reflects the true substance of the Transactions for federal income tax purposes.”

h. The Service erred in determining that “[i]t has not been established that the Transactions involving the distressed assets should not be collapsed under the step transaction doctrine and taxed in accordance with their true substance as constituting part of a unified integrated plan in which the partnership was utilized as a mere conduit serving no business purpose and having no economic substance through which the distressed assets were in form allegedly passed to effectuate desired inflated basis in the distressed assets and non-economic artificial losses.”

i. The Service erred in applying Treasury Regulation § 1.701-2 to this case. To the extent that the Service did not err in applying Treasury Regulation § 1.702-1 to this case, the regulation is invalid.

j. The Service erred in determining that “[i]t has not been established that the partnership had any basis in the distressed assets. In this regard, it has not been established that the distressed assets were in fact contributed or, if contributed, that the alleged contributing partner had any basis in such assets or that such assets had any value at the time they were

contributed and were property within the meaning of Section 723.”

k. The Service erred in determining that “[i]t has not been established that the partnership incurred any claimed losses during the taxable year in issue or that it is otherwise entitled to any deduction under any provision of the Internal Revenue Code.”

l. The Service erred in determining that “[i]t has not been established that any claimed losses involving and/or related to the built-in-loss assets acquired by of [sic] the partnership resulted from a transaction entered into for profit, and accordingly, no such losses are allowable under any provision of the Internal Revenue Code, including, but not limited to, Section 165(c)(2).”

m. The Service erred in its alternative determination that, if any portion of the claimed basis in the distressed assets were allowable, “any portion of the basis and related loss claimed for the distressed assets that results from, or otherwise relates to, the excess of basis over fair market value (FMV) of such assets at the time the same were allegedly contributed to the partnership, should be allocated to the contributing partner, under the authority of Section 482 of the Internal Revenue Code.”

n. The Service erred in its alternative determination that, if any portion of the claimed basis in the distressed assets were allowable, “with regard to any portion of the loss recognized on the actual or deemed sale or exchange of the distressed assets that is attributable to the excess of basis over FMV of the distressed assets at the time such assets were contributed to the partnership, the allocation of any of such loss to the U.S. partners is unreasonable, and that portion of such loss should be allocated to the alleged partners that purportedly contributed the distressed assets, in accordance with the authority of Section 1.704-3(a)(8) and (10) of the

Income Tax Regulations. Accordingly, in the alternative, the claimed loss relating to the distressed assets should be allocated to the partners that contributed the distressed assets.”

o. The Service erred in determining that “it has not been established that any of the alleged partners of the partnership were at-risk under Section 465 of the Internal Revenue Code with regard to the activities conducted by the partnership during the taxable period(s) in issue.”

p. The Service erred in its determination that “it has not been established that claimed losses relating to the distressed assets were not passive activity losses subject to the limitations of Section 469 of the Internal Revenue Code.”

q. The Service erred in determining that the FPAA adjustments of partnership items of Kislev “are attributable to a tax shelter within the meaning of Section 6662(d)(2)(C)(ii) of the Internal Revenue Code. The partnership and its purported partners/members had, as a significant purpose, the avoidance or evasion of federal income tax, lacked substantial authority for the positions taken, and did not have a reasonable belief that those positions were more likely than not the correct treatment of such items.”

r. The Service erred in determining “that all of the underpayments of tax resulting from the adjustments of partnership items made herein are attributable to (1) a substantial understatement, (2) a gross valuation misstatement, and/or (3) negligence or disregard of rules or regulations.”

s. The Service erred in determining “that the partnership and its partners did not have reasonable cause and good faith for any of the resulting underpayments, or that any other exceptions to the accuracy-related penalty apply.”

t. The Service therefore erred in determining that the accuracy-related

penalty under Code Section 6662 applies to all alleged underpayments of tax attributable to adjustments of partnership items of Kislev.

u. Consequently, the Service erred in making each of the following determinations:

i. A 40% penalty should be imposed on the portion of any underpayment attributable to a gross valuation misstatement pursuant to Code sections 6662(a), 6662(b)(3), 6662(e), and 6662(h).

ii. A 20% penalty should be imposed on the portion of any underpayment attributable to negligence or disregard of rules and regulations pursuant to Code sections 6662(a), 6662(b)(1), and 6662(c).

iii. A 20% penalty should be imposed on any underpayment attributable to any substantial understatement of income tax pursuant to Code sections 6662(a), 6662(b)(2), and 6662(d).

iv. A 20% penalty should be imposed on any underpayment attributable to a substantial valuation misstatement pursuant to Code sections 6662(a), 6662(b)(3), and 6662(e).

VI. PRAYER FOR RELIEF

WHEREFORE, Plaintiff prays that this Court:

1. Determine that the adjustments made by the Service in the FPAA are factually and/or legally incorrect and are invalid;
2. Determine that the penalties asserted by the Service in the FPAA are erroneous and/or that the parties have valid defenses to the assertion of such penalties;
3. Determine that the deposit paid by Mr. Bahar should be refunded, together with interest thereon; and
4. Grant Plaintiff such other and further relief to which Plaintiff is entitled.

Dated: May 14, 2008

Respectfully submitted,

s/ N. Jerold Cohen

N. Jerold Cohen

SUTHERLAND ASBILL & BRENNAN LLP

999 Peachtree Street, N.E.

Atlanta, Georgia 30309-3996

Tel: (404) 853-8038

Fax: (404) 853-8806

Attorney for Plaintiff

OF COUNSEL:

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EXHIBIT C

(Part 1 of 4)

IN THE UNITED STATES COURT OF FEDERAL CLAIMS

No. 07-625 T
(Judge Mary Ellen Coster Williams)

KISLEV PARTNERS, L.P., by and through NESIM BAHAR,
a Partner Other than the Tax Matters Partner,

Plaintiff,

v.

THE UNITED STATES,

Defendant.

DECLARATION OF DAVID C. KUSMIREK

I, David C. Kusmirek, hereby affirm and attest that the following statements are true to the best of my knowledge and belief:

1. I am employed by the Internal Revenue Service ("IRS") as a revenue agent in the Downers Grove, Illinois office of the Internal Revenue Office.
2. In my official capacity as a revenue agent, I assisted in preparing the Notice of Final Partnership Administrative Adjustment (FPAA) for the period ending December 31, 2002. In addition, I have reviewed Mr. Bahar's income tax returns, Forms 1040, listed below, and have computed the tax liability of Nesim Bahar as if the partnership items were treated on Mr. Bahar's returns consistently with the adjustments made by the FPAA.
3. Attached hereto are true and correct copies of the following documents, which are contained in the official files of the IRS for the above-captioned case:

Exhibit 1. U.S. Return of Partnership Income (Form 1065) of Kislev for the taxable period ending December 31, 2002.

Exhibit 2. Notice of Final Partnership Administrative Adjustment (“FPAA”) for Kislev’s taxable period ending December 31, 2002.

Exhibit 3. U.S. Individual Income Tax Return (Form 1040) of Nesim Bahar for taxable year 2002.

Exhibit 4. U.S. Individual Income Tax Return (Form 1040) of Nesim Bahar for taxable year 2003.

Exhibit 5. U.S. Individual Income Tax Return (Form 1040) of Nesim Bahar for taxable year 2004.

Exhibit 6. U.S. Individual Income Tax Return (Form 1040) of Nesim Bahar for taxable year 2005.

4. On Kislev’s Form 1065 filed for the period ending December 31, 2002, attached hereto as Exhibit 1, Kislev reported that it had a loss of \$6,551,884 on Schedule K, line 7, with the comment “See Statement 2.” Statement 2 attached to the Form 1065 describes the loss as “Loss on Section 988.” On the same return, Kislev reports the amount of \$134,245,731 as “other assets” on Schedule L, line 13, with the comment “See Statement 5.” Statement 5 attached to the Form 1065 describes the “other assets” as consisting of “DEFERRED LOSS DUE TO BASIS LIMIT” in the amount of \$134,084,225 and “production costs” of \$161,506.

5. On Schedule K-1 issued to Bahar-USA Developments, which is attached to the Form 1065, the amount of \$655,188 is reported out as a loss to Bahar-USA Developments with the comment “See Line 25.” Line 25 describes a “Loss on Section 988” in the amount of \$655,188.

In addition, Line 25 also reports "SUSPENDED SECTION 988 LOSS DUE TO BASIS LIMITATION \$14,043,611."

6. The adjustments made by the FPAA disallowed the reported loss of \$6,551,884, as well as the "other assets" in the amount of \$134,084,225 and described as "DEFERRED LOSSES DUE TO BASIS LIMIT." Accordingly, the capital accounts of Kislev in the amount of \$135,680,434 were reduced to zero.

7. Mr. Bahar's Form 1040 for the year 2002, attached hereto as Exhibit 3, was filed on or about October 21, 2003, and reported a loss of \$729,272 on line 21 with the comment "See Statement 1." Statement 1 describes part of that loss as "Loss on Section 988", in the amount of \$655,188. The disallowance of the losses by the FPAA disallows the loss in the amount of \$655,188 on Mr. Bahar's return. Although this adjustment to Mr. Bahar's return for the year 2002 does not result in an increased liability for 2002, it does reduce a net operating loss carryforward to Mr. Bahar's Form 1040 for 2003 which, when coupled with an adjustment required by an attempt to deduct additional losses from Kislev's Form 1065 for the period ending December 31, 2002, results in an increase in Mr. Bahar's tax liability for 2003.

8. Mr. Bahar's Form 1040 for the year ending December 31, 2003, attached hereto as Exhibit 4, was filed on or about October 19, 2004. On the 2003 Form 1040, Mr. Bahar claimed a loss on line 21 in the amount of \$4,737,147 with the comment "See Statement 2." Statement 2 describes the loss as \$4,165,409 from "loss on Section 988" and \$571,738 from "Net operating loss carryover" (NOL). After reduction of the NOL from 2002 described in paragraph 6, above, and disallowance of the "loss on Section 988" pursuant to the FPAA, the increase in Mr. Bahar's tax liability for the taxable year 2003 resulting from the FPAA adjustments, is \$1,320,212.00,

exclusive of interest and penalties.

9. Mr. Bahar's Form 1040 for the year 2004, attached hereto as Exhibit 5, was filed on or about October 21, 2005. On that Form 1040, Mr. Bahar reported a loss of \$1,031,846 on line 21 with the comment "See Statement 2." Statement 2 describes part of that loss as "Loss on Section 988", in the amount of \$460,108. In addition, Statement 2 describes the amount of \$571,738 as a net operating loss carryover (NOL). The "Loss on Section 988" is the disallowed loss from the FPAA. The NOL is unavailable for use in 2004, because of the disallowance of the losses for 2002 and 2003, described above. Although these adjustments to Mr. Bahar's return for the year 2004 do not result in an increased liability for 2004, it does reduce a net operating loss carryforward to Mr. Bahar's Form 1040 for 2005 which, when coupled with an adjustment required by an attempt to deduct additional losses from Kislev's Form 1065 for the period ending December 31, 2002, results in an increase in Mr. Bahar's tax liability for 2005.

10. Mr. Bahar's Form 1040 for the year 2005, attached hereto as Exhibit 6, was filed on or about October 23, 2006, and reported a loss of \$598,107 on line 17, from Schedule E. Schedule E, in turn states "See Statement 2." On Statement 2, there is an item described as "Section 988 loss" in the amount of \$3,276,681. Although the partnership is not named under the column specifying the name of the partnership, the Employer ID No., 98-0174122, is the same as Kislev Partners. That amount is then netted with other losses and income from partnerships to arrive at the loss reported on line 17. The "Section 988 loss" reported as part of Schedule E was disallowed by the FPAA. As a result of the disallowance, there is net income from Schedule E. In addition, there is an NOL reported on line 21 in the amount of \$1,607,404. Due to the adjustments made to prior returns as a result of the FPAA adjustments, described

above, there is a reduction in the amount of the NOL carried forward to 2005. The increase in Mr. Bahar's tax liability for the taxable year 2005, resulting from the adjustments made by the FPAA is \$1,584,834.00, exclusive of interest and penalties.

11. Neither Nesim Behar nor any of his attorneys or other representatives ever contacted me to ask about what deposit he would need to make under Section 6226(e) of the Internal Revenue Code prior to bringing suit in the Court of Federal Claims.

I declare, under penalty of perjury, in accordance with 28 U.S.C. § 1746, that the foregoing is true and correct to the best of my knowledge and belief.

Executed on 5/9, 2008, in Downers Grove, Illinois.



DAVID C. KUSMIREK

2926530601908

Form 1065 U.S. Return of Partnership Income

2002

Department of the Treasury Internal Revenue Service

See separate instructions.

IRS use only — Do not write or staple in this space.

For calendar year 2002, or tax year beginning 11/01, 2002, and ending 12/31, 2002. OMB No. 1545-0099

A Principal business activity INVEST/REAL EST		Use the IRS label. Otherwise, print or type. KISLEV PARTNERS, L.P. C/O ALEXICO MGMT, 150 EAST 58TH STREET NEW YORK, NY 10155	D Employer identification number 98-0174122
B Principal product or service INVEST/REAL EST			E Date business started 12/03/1996 1996/12
C Business code number 523900			F Total assets (see instrs) \$ 135,772,173.

G Check applicable boxes: (1) ☐ Initial return (2) ☐ Final return (3) ☐ Name change (4) ☐ Address change (5) ☐ Amended return

H Check accounting method: (1) ☒ Cash (2) ☐ Accrual (3) ☐ Other (specify) _____

I Number of Schedules K-1. Attach one for each person who was a partner at any time during the tax year. _____ 3

Caution: Include **only** trade or business income and expenses on lines 1a through 22 below. See the instructions for more information.

INCOME	1a Gross receipts or sales	1a		1c
	1b Less returns and allowances	1b		
	2 Cost of goods sold (Schedule A, line 8)	2		
	3 Gross profit. Subtract line 2 from line 1c	3		
	4 Ordinary income (loss) from other partnerships, estates, and trusts (attach schedule)	4		
	5 Net farm profit (loss) (attach Schedule F (Form 1040))	5		
	6 Net gain (loss) from Form 4797, Part II, line 18	6		
	7 Other income (loss) (attach schedule)	7		
8 Total income (loss). Combine lines 3 through 7	8			
DEDUCTIONS SEE INSTRUCTIONS FOR LIMITATIONS	9 Salaries and wages (other than to partners) (less employment credits)	9		
	10 Guaranteed payments to partners	10		
	11 Repairs and maintenance	11		
	12 Bad debts	12		
	13 Rent	13		
	14 Taxes and licenses	14		
	15 Interest	15		3,870.
	16a Depreciation (if required, attach Form 4562)	16a		
	16b Less depreciation reported on Schedule A and elsewhere on return	16b		
	17 Depletion (Do not deduct oil and gas depletion)	17		
	18 Retirement plans, etc.	18		
	19 Employee benefit programs	19		
	20 Other deductions (attach schedule)	20		41.
21 Total deductions. Add the amounts shown in the far right column for lines 9 through 20	21		3,911.	
22 Ordinary income (loss) from trade or business activities. Subtract line 21 from line 8	22		(-3,911.)	

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than general partner or limited liability company member) is based on all information of which preparer has any knowledge.

(Signature of general partner or limited liability company member)

Date

10/14/03

May the IRS discuss this return with the preparer shown below (see instrs)?

☒ Yes☐ No

Paid Preparer's Use Only

Preparer's signature

Date

Check if self-employed

Preparer's SSN or PTIN

Firm's name (or yours if self-employed), address, and ZIP code

DAVIS GRABER & NASBERG LLP
150 EAST 58TH STREET, 20TH FLOOR
NEW YORK, NY 10155

EIN 13-3797691

Phone no. (212) 230-2600

BAA For Paperwork Reduction Act Notice, see separate instructions.

PTPA0105L 12/27/02

Form 1065 (2002)

GOVERNMENT
EXHIBIT

1

Gov Exh 1, Pg.1

Schedule A Cost of Goods Sold (see instructions)

1	Inventory at beginning of year	1	
2	Purchases less cost of items withdrawn for personal use	2	
3	Cost of labor	3	
4	Additional section 263A costs (attach schedule)	4	
5	Other costs (attach schedule)	5	
6	Total. Add lines 1 through 5	6	
7	Inventory at end of year	7	
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2	8	

9a Check all methods used for valuing closing inventory:

(i) ☐ Cost as described in Regulations section 1.471-3

(ii) ☐ Lower of cost or market as described in Regulations section 1.471-4

(iii) ☐ Other (specify method used and attach explanation) _____

b Check this box if there was a writedown of 'subnormal' goods as described in Regulations section 1.471-2(c) ☐ Yes ☐ No

c Check this box if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) ☐ Yes ☐ No

d Do the rules of section 263A (for property produced or acquired for resale) apply to the partnership? ☐ Yes ☐ No

e Was there any change in determining quantities, cost, or valuations between opening and closing inventory? ☐ Yes ☐ No

If 'Yes', attach explanation.

Schedule B Other Information

1	What type of entity is filing this return? Check the applicable box:	Yes	No
a	<input type="checkbox"/> Domestic general partnership		
b	<input checked="" type="checkbox"/> Domestic limited partnership		
c	<input type="checkbox"/> Domestic limited liability company		
d	<input type="checkbox"/> Domestic limited liability partnership		
e	<input type="checkbox"/> Foreign partnership		
f	<input type="checkbox"/> Other _____		
2	Are any partners in this partnership also partnerships?	X	
3	During the partnership's tax year, did the partnership own any interest in another partnership or in any foreign entity that was disregarded as an entity separate from its owner under Regulations sections 301.7701-2 and 301.7701-3? If yes, see instructions for required attachment.		X
4	Is this partnership subject to the consolidated audit procedures of sections 6221 through 6233? If 'Yes,' see Designation of Tax Matters Partner below.		X
5	Does this partnership meet all three of the following requirements?		
a	The partnership's total receipts for the tax year were less than \$250,000;		
b	The partnership's total assets at the end of the tax year were less than \$600,000; and		
c	Schedules K-1 are filed with the return and furnished to the partners on or before the due date (including extensions) for the partnership return.		
	If 'Yes,' the partnership is not required to complete Schedules L, M-1, and M-2; Item F on page 1 of Form 1065; or Item J on Schedule K-1.		X
6	Does this partnership have any foreign partners? If 'Yes,' the partnership may have to file Forms 8804, 8805 and 8813. See instructions.		X
7	Is this partnership a publicly traded partnership as defined in section 469(k)(2)?		X
8	Has this partnership filed, or is it required to file, Form 8264 , Application for Registration of a Tax Shelter?		X
9	At any time during calendar year 2002, did the partnership have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? See the instructions for exceptions and filing requirements for Form TD F 90-22.1. If 'Yes,' enter the name of the foreign country.		X
10	During the tax year, did the partnership receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If 'Yes,' the partnership may have to file Form 3520. See instructions.		X
11	Was there a distribution of property or a transfer (e.g., by sale or death) of a partnership interest during the tax year? If 'Yes,' you may elect to adjust the basis of the partnership's assets under section 754 by attaching the statement described in the instructions under Elections Made By the Partnership .		X
12	Enter the number of Forms 8865 , Return of U.S. Persons With Respect to Certain Foreign Partnerships, attached to this return.	0	

Designation of Tax Matters Partner (see instructions)

Enter below the general partner designated as the tax matters partner (TMP) for the tax year of this return:

Name of designated TMP **▶ IZAK SENBAHAR**Identifying number of TMP **▶**Address of designated TMP **▶ C/O ALEXICO MGMT. 150 E 58TH STREET
NEW YORK, NY 10155**

Schedule K Partners' Shares of Income, Credits, Deductions, etc

	(a) Distributive share items	(b) Total amount
Income (Loss)	1 Ordinary income (loss) from trade or business activities (page 1, line 22)	1 -3,911.
	2 Net income (loss) from rental real estate activities (attach Form 8825)	2
	3a Gross income from other rental activities	3a
	b Expenses from other rental activities (attach sch)	3b
	c Net income (loss) from other rental activities. Subtract line 3b from line 3a	3c
	4 Portfolio income (loss): a Interest income	4a 2,646.
	b Ordinary dividends	4b
	c Royalty income	4c
	d Net short-term capital gain (loss) (attach Schedule D (Form 1065))	4d
	e (1) Net long-term capital gain (loss) (attach Schedule D (Form 1065))	4e (1)
	(2) 28% rate gain (loss) .. (3) Qualified 5-year gain ..	
f Other portfolio income (loss) (attach schedule)	4f	
5 Guaranteed payments to partners	5	
6 Net section 1231 gain (loss) (other than due to casualty or theft) (attach Form 4797)	6	
7 Other income (loss)	7 SEE STATEMENT 2 -6,551,884.	
Deductions	8 Charitable contributions (attach schedule)	8
	9 Section 179 expense deduction (attach Form 4562)	9
	10 Deductions related to portfolio income (itemize)	10
	11 Other deductions	11
Credits	12a Low-income housing credit:	
	(1) From partnerships to which section 42(j)(5) applies	12a (1)
	(2) Other than on line 12a(1)	12a (2)
	b Qualified rehabilitation expenditures related to rental real estate activities (attach Form 3468)	12b
	c Credits (other than credits shown on lines 12a and 12b) related to rental real estate activities	12c
	d Credits related to other rental activities	12d
13 Other credits	13	
Investment Interest	14a Interest expense on investment debts	14a
	b (1) Investment income included on lines 4a, 4b, 4c, and 4f above	14b (1) 2,646.
	(2) Investment expenses included on line 10 above	14b (2)
Self-Employment	15a Net earnings (loss) from self-employment	15a
	b Gross farming or fishing income	15b
	c Gross nonfarm income	15c
Adjustments and Tax Preference Items	16a Depreciation adjustment on property placed in service after 1986	16a
	b Adjusted gain or loss	16b
	c Depletion (other than oil and gas)	16c
	d (1) Gross income from oil, gas, and geothermal properties	16d (1)
	(2) Deductions allocable to oil, gas, and geothermal properties	16d (2)
	e Other adjmnts & tax pref items	16e
Foreign Taxes	17a Name of foreign country or U.S. possession	
	b Gross income from all sources	17b
	c Gross income sourced at partner level	17c
	d Foreign gross income sourced at partnership level:	
	(1) Passive .. (2) Listed categories (attach sch) .. (3) General limitation ..	17d (3)
	e Deductions allocated and apportioned at partner level:	
	(1) Interest expense .. (2) Other ..	17e (2)
	f Deductions allocated and apportioned at partnership level to foreign source income:	
	(1) Passive .. (2) Listed categories (attach sch) .. (3) General limitation ..	17f (3)
g Total foreign taxes (check one): <input type="checkbox"/> Paid <input type="checkbox"/> Accrued	17g	
h Reduction in taxes available for credit (attach schedule)	17h	
Other	18 Section 59(e)(2) expenditures: a Type ... b Amount ...	18b
	19 Tax-exempt interest income	19
	20 Other tax-exempt income	20
	21 Nondeductible expenses	21
	22 Distributions of money (cash and marketable securities)	22
	23 Distributions of property other than money	23
	24 Other items and amounts required to be reported separately to partners (attach schedule)	

BAA

Form 1065 (2002)

PTPA0134L 08/13/02

Analysis of Net Income (Loss)

1 Net income (loss). Combine Schedule K, lines 1 through 7 in column (b). From the result, subtract the sum of Schedule K, lines 8 through 11, 14a, 17g, and 18b.					1	-6,553,149.
2 Analysis by partner type:	(i) Corporate	(ii) Individual (active)	(iii) Individual (passive)	(iv) Partnership	(v) Exempt organization	(vi) Nominee/Other
a General partners						
b Limited partners		-5,897,835.		-655,314.		

Note: schedules L, M-1 and M-2 are not required if Question 5 of Schedule B is answered 'Yes.'

Schedule L Balance Sheets per Books		Beginning of tax year		End of tax year	
Assets		(a)	(b)	(c)	(d)
1 Cash					1,001,442.
2a Trade notes and accounts receivable					
b Less allowance for bad debts					
3 Inventories					
4 U.S. government obligations					
5 Tax-exempt securities					
6 Other current assets (attach schedule) SEE ST. 3.			200,000.		525,000.
7 Mortgage and real estate loans					
8 Other investments (attach schedule) SEE ST. 4.			142,033,583.		
9a Buildings and other depreciable assets					
b Less accumulated depreciation					
10a Depletable assets					
b Less accumulated depletion					
11 Land (net of any amortization)					
12a Intangible assets (amortizable only)					
b Less accumulated amortization					
13 Other assets (attach schedule) SEE ST. 5.					134,245,731.
14 Total assets			142,233,583.		135,772,173.
Liabilities and Capital					
15 Accounts payable					91,739.
16 Mortgages, notes, bonds payable in less than 1 year					
17 Other current liabilities (attach sch)					
18 All nonrecourse loans					
19 Mortgages, notes, bonds payable in 1 year or more					
20 Other liabilities (attach schedule)					
21 Partners' capital accounts			142,233,583.		135,680,434.
22 Total liabilities and capital			142,233,583.		135,772,173.

Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return

1 Net income (loss) per books	-6,553,149.	6 Income recorded on books this year not included on Schedule K, lines 1 through 7 (itemize):	
2 Income included on Schedule K, lines 1 through 4, 6, and 7, not recorded on books this year (itemize):		a Tax-exempt interest	\$
3 Guaranteed pmts (other than health insurance)		7 Deductions included on Schedule K, lines 1 through 11, 14a, 17g, and 18b, not charged against book income this year (itemize):	
4 Expenses recorded on books this year not included on Schedule K, lines 1 through 11, 14a, 17g, and 18b (itemize):		a Depreciation	\$
a Depreciation	\$	8 Add lines 6 and 7	
b Travel and entertainment	\$	9 Income (loss) (Analysis of Net Income (Loss), line 1). Subtract line 8 from line 5.	-6,553,149.
5 Add lines 1 through 4	-6,553,149.		

Schedule M-2 Analysis of Partners' Capital Accounts

1 Balance at beginning of year	142,233,583.	6 Distributions: a Cash	
2 Capital contributed: a Cash		b Property	
b Property		7 Other decreases (itemize):	
3 Net income (loss) per books	-6,553,149.	8 Add lines 6 and 7	
4 Other increases (itemize):		9 Balance at end of year. Subtract line 8 from line 5.	135,680,434.
5 Add lines 1 through 4	135,680,434.		

Form 8736 (Rev October 2000) Department of the Treasury Internal Revenue Service	Application for Automatic Extension of Time to File U.S. Return for a Partnership, REMIC, or for Certain Trusts ▶ File a separate application for each return.	OMB No. 1545-1054
Please type or print. File by the due date for filing the return for which an extension is requested. See instructions.	Name KISLEV PARTNERS, L.P. Number, street, and room or suite no. If a P.O. box, see instructions. C/O ALEXICO MGMT, 150 EAST 58TH STREET City or town, state and ZIP code. If a foreign address, enter city, province or state, and country. Follow the country's practice for entering the postal code. NEW YORK, NY 10155	Employer identification number 98-0174122

1 I request an automatic **3-month** extension of time to file (check only one):

☐ Form 1041
 ☐ Form 1041-QFT
 ☒ Form 1065
 ☐ Form 1065-B
 ☐ Form 1066

2 If the entity does not have an office or place of business in the United States, check this box ▶ ☐

3a For calendar year _____, or other tax year beginning 11/01, 2002, and ending 12/31, 2002.

b If this tax year is for less than 12 months, check reason:

☐ Initial return
 ☐ Final return
 ☐ Change in accounting period

4 If this extension is requested for Form 1041, Form 1041-QFT, Form 1065-B, or Form 1066, enter the following amounts:

a Tentative total tax from Form 1041, Form 1041-QFT, Form 1065-B, or Form 1066 (see instructions)..... \$ N/A

b Refundable credits and estimated tax payments, including any prior year overpayment allowed as a credit, from Form 1041, Form 1041-QFT, or Form 1065-B (see instructions). REMICs, enter -0-..... \$ N/A

c **Balance due.** Subtract line 4b from line 4a. If zero or less, enter -0-. Enclose payment, if any, with Form 8736 (see instructions)..... ▶ \$ N/A

Caution: Interest will be charged on any tax not paid by the regular due date of Forms 1041, 1041-QFT, 1065-B, and 1066 from the due date until the tax is paid.

BAA For Paperwork Reduction Act Notice, see separate instructions.

Form **8736** (Rev 10-2000)

Form **8800**
(Rev. September 2000)Department of the Treasury
Internal Revenue Service**Application for Additional Extension of Time to File
U.S. Return for a Partnership, REMIC, or for Certain Trusts**

OMB No. 1545-1057

► **File a separate application for each return.****Please type or print.****File the original and one copy by the due date for filing the return for which an extension is requested. See instructions.**

Name

KISLEV PARTNERS, L.P.

Number, street, and room or suite number. If a P.O. box, see instructions.

C/O ALEXICO MGMT, 150 EAST 58TH STREET

City or town, state, and ZIP code. If a foreign address, enter city, province or state, and country. Follow the country's practice for entering the postal code.

NEW YORK, NY 10155

Employer identification number

98-0174122

1 I request an additional extension of time until 10/15, 2003, to file (check only one):☐ Form 1041 ☐ Form 1041-QFT ☒ Form 1065 ☐ Form 1065-B ☐ Form 10662 If the entity does not have an office or place of business in the United States, check this box ☐3a For calendar year 20__ , or other tax year beginning 11/01, 20 02, and ending 12/31, 20 02b If this tax year is for less than 12 months, check reason: ☐ Initial return ☐ Final return ☐ Change in accounting period

4 Explain why the entity needs an extension. All entities filing this form must give an adequate explanation.

TAXPAYER RESPECTFULLY REQUESTS ADDITIONAL TIME TO GATHER INFORMATION NECESSARY TO
FILE A COMPLETE AND ACCURATE TAX RETURN.5 Has the entity filed Form 8736 to request an extension of time to file for this tax year? ☒ Yes ☐ No

If you checked 'No,' we will grant an extension only for undue hardship. Fully explain the hardship on line 4.

Signature and Verification

Under penalties of perjury, I declare that I have examined this form, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete; and that I am authorized to prepare this form.

Signature ►

Title ►

Date ►

File original and one copy. The IRS will show below whether or not your application is approved and will return the copy.**Notice to Applicant – To Be Completed by the IRS.**☐ We **HAVE** approved this application. Please attach this form to the entity's return.☐ We **HAVE NOT** approved this application. However, we have granted a 10-day grace period to _____. This grace period is considered a valid extension of time for elections otherwise required to be made on a timely return. Please attach this form to the entity's return.☐ We **HAVE NOT** approved this application. After considering the reasons stated in item 4 above, we cannot grant this request for an extension of time to file. We are not granting a 10-day grace period.☐ We cannot consider this application because it was filed after the due date of the return for which an extension was requested.☐ Other: _____

By: _____

Director

Date

If you want a copy of this form to be returned to an address other than that shown above, please enter the address to which the copy should be sent.

Please Type or Print

Name

DAVIS GRABER & NASBERG LLP

Number, street, and room or suite number (If a P.O. box, see instructions.)

150 EAST 58TH STREET, 20TH FLOOR

City or town, state, and ZIP code. If a foreign address, enter city, province or state, and country. Follow the country's practice for entering the postal code.

NEW YORK, NY, 10155

BAA For Paperwork Reduction Act Notice, see separate instructions.

Form 8800 (Rev 9-2000)

PTP20301L 07/29/02

2002

FEDERAL STATEMENTS

PAGE 1

CLIENT 3000-28

KISLEV PARTNERS, L.P.

98-0174122

10/13/03

02:47PM

STATEMENT 1
FORM 1065, LINE 20
OTHER DEDUCTIONS

BANK CHARGES		\$	41.
TOTAL		\$	<u>41.</u>

STATEMENT 2
FORM 1065, SCHEDULE K, LINE 7
OTHER INCOME (LOSS)

LOSS ON SECTION 988		\$	-6,551,884.
TOTAL		\$	<u>-6,551,884.</u>

STATEMENT 3
FORM 1065, SCHEDULE L, LINE 6
OTHER CURRENT ASSETS

	BEGINNING	ENDING
DUE TO/FROM AFFILIATES	\$ 0.	\$ 325,000.
REAL ESTATE DEPOSIT	200,000.	200,000.
TOTAL	<u>\$ 200,000.</u>	<u>\$ 525,000.</u>

STATEMENT 4
FORM 1065, SCHEDULE L, LINE 8
OTHER INVESTMENTS

	BEGINNING	ENDING
FOREIGN CURRENCY	\$ 142033583.	\$ 0.
TOTAL	<u>\$ 142033583.</u>	<u>\$ 0.</u>

STATEMENT 5
FORM 1065, SCHEDULE L, LINE 13
OTHER ASSETS

	BEGINNING	ENDING
DEFERRED LOSSES DUE TO BASIS LIMIT	\$ 0.	\$ 134084225.
PRODUCTION COSTS	0.	161,506.
TOTAL	<u>\$ 0.</u>	<u>\$ 134245731.</u>

Schedule K-1
(Form 1065)**Partner's Share of Income, Credits, Deductions, etc**

OMB No. 1545-0099

2002Department of the Treasury
Internal Revenue Service

For calendar year 2002 or tax year

beginning 11/01, 2002, and ending 12/31, 20 02

Partner's identifying number ▶ 13-4082360**Partnership's identifying number** ▶ 98-0174122

Partner's name, address, and ZIP code

BAHAR-USA DEVELOPMENTS, LLC
C/O ALEXICO MGMT 150 E 58TH STREET
NEW YORK, NY 10155

Partnership's name, address, and ZIP code

KISLEV PARTNERS, L.P.
C/O ALEXICO MGMT, 150 EAST 58TH STREET
NEW YORK, NY 10155

27

A This partner is a ☐ general partner ☒ limited partner
☐ limited liability company member**B** What type of entity is this partner? ▶ **PARTNERSHIP****C** Is this partner a ☒ domestic or a ☐ foreign partner?**D** Enter partner's % of:
(i) Before change or termination (ii) End of year
Profit sharing % 10 %
Loss sharing % 10 %
Ownership of capital % 10 %**E** IRS Center where partnership filed return: **OGDEN, UT****F** Partner's share of liabilities (see instructions):Nonrecourse \$
Qualified nonrecourse financing \$
Other \$ 9,174.**G** Tax shelter registration number ▶**H** Check here if this partnership is a publicly traded partnership as defined in section 469(k)(2) ☐**I** Check applicable boxes: (1) ☐ Final K-1 (2) ☐ Amended K-1**J Analysis of partner's capital account:**

(a) Capital account at beginning of year	(b) Capital contributed during year	(c) Partner's share of lines 3, 4, and 7, Form 1065, Schedule M-2	(d) Withdrawals and distributions	(e) Capital account at end of year (combine columns (a) through (d))
14,223,358.		-655,314.		13,568,044.

(a) Distributive share item		(b) Amount	(c) 1040 filers enter the amount in column (b) on:
Income (Loss)	1 Ordinary income (loss) from trade or business activities.....	1 -391.	See Partner's Instructions for Schedule K-1 (Form 1065).
	2 Net income (loss) from rental real estate activities	2	
	3 Net income (loss) from other rental activities	3	
	4 Portfolio income (loss):		
	a Interest	4a 265.	Schedule B, Part I, line 1
	b Ordinary dividends	4b	Schedule B, Part II, line 5
	c Royalties	4c	Schedule E, Part I, line 4
	d Net short-term capital gain (loss)	4d	Schedule D, line 5, column (f)
	e (1) Net long-term capital gain (loss)	4e(1)	Schedule D, line 12, column (f)
	(2) 28% rate gain (loss)	4e(2)	Schedule D, line 12, column (g)
	(3) Qualified 5-year gain	4e(3)	Line 5 of worksheet for Sch D, line 29
	f Other portfolio income (loss) (attach schedule)	4f	Enter on applicable ln of your return
	5 Guaranteed payments to partner.	5	
Deductions	6 Net section 1231 gain (loss) (other than due to casualty or theft)	6	See Partner's Instructions for Schedule K-1 (Form 1065).
	7 Other income (loss) (attach schedule) SEE LINE 25	7 -655,188.	Enter on applicable ln of your return
	8 Charitable contributions (see instructions) (attach schedule)	8	Schedule A, line 15 or 16
	9 Section 179 expense deduction	9	
	10 Deductions related to portfolio income (attach schedule)	10	See Partner's Instructions for Schedule K-1 (Form 1065).
Credits	11 Other deductions (attach schedule)	11	
	12a Low-income housing credit:		
	(1) From section 42(j)(5) partnerships	12a(1)	Form 8586, line 5
	(2) Other than on line 12a(1)	12a(2)	
	b Qualified rehabilitation expenditures related to rental real estate activities	12b	See Partner's Instructions for Schedule K-1 (Form 1065).
	c Credits (other than credits shown on lines 12a and 12b) related to rental real estate activities	12c	
	d Credits related to other rental activities	12d	
	13 Other credits	13	

BAA For Paperwork Reduction Act Notice, see Instructions for Form 1065.

Schedule K-1 (Form 1065) 2002

	(a) Distributive share item	(b) Amount	(c) 1040 filers enter the amount in column (b) on:
Investment Interest	14a Interest expense on investment debts	14a	Form 4952, line 1
	b (1) Investment income included on lines 4a, 4b, 4c, and 4f	14b(1) 265.	See Partner's Instructions for Schedule K-1 (Form 1065).
	(2) Investment expenses included on line 10	14b(2)	
Self-employment	15a Net earnings (loss) from self-employment	15a	Schedule SE, Section A or B
	b Gross farming or fishing income	15b	See Partner's Instructions for Schedule K-1 (Form 1065).
	c Gross nonfarm income	15c	
Adjustments and Tax Preference Items	16a Depreciation adjustment on property placed in service after 1986	16a	See Partner's Instructions for Schedule K-1 (Form 1065) and Instructions for Form 6251.
	b Adjusted gain or loss	16b	
	c Depletion (other than oil and gas)	16c	
	d (1) Gross income from oil, gas, and geothermal properties	16d(1)	
	(2) Deductions allocable to oil, gas, and geothermal properties	16d(2)	
	e Other adjustments & tax preference items (attach sch.)	16e	
Foreign Taxes	17a Name of foreign country or U.S. possession	17a	Form 1116, Part I
	b Gross income from all sources	17b	
	c Gross income sourced at partner level	17c	
	d Foreign gross income sourced at partnership level:		
	(1) Passive	17d(1)	
	(2) Listed categories (attach schedule)	17d(2)	
	(3) General limitation	17d(3)	
	e Deductions allocated and apportioned at partner level:		
	(1) Interest expense	17e(1)	
	(2) Other	17e(2)	
	f Deductions allocated and apportioned at partnership level to foreign source income:		
	(1) Passive	17f(1)	
	(2) Listed categories (attach schedule)	17f(2)	
(3) General limitation	17f(3)		
	g Total foreign taxes (check one): <input type="checkbox"/> Paid <input type="checkbox"/> Accrued	17g	Form 1116, Part II
	h Reduction in taxes available for credit (attach schedule)	17h	Form 1116, line 12.
Other	18a Section 59(e)(2) expenditures: a Type	18a	See Partner's Instructions for Schedule K-1 (Form 1065).
	b Amount	18b	
	19 Tax-exempt interest income	19	Form 1040, line 8b
	20 Other tax-exempt income	20	See Partner's Instructions for Schedule K-1 (Form 1065).
	21 Nondeductible expenses	21	
	22 Distributions of money (cash and marketable securities)	22	
	23 Distributions of property other than money	23	
	24 Recapture of low-income housing credit:		Form 8611, line 8
a From section 42(j)(5) partnerships	24a		
b Other than on line 24a	24b		
Supplemental Information	25 Supplemental information required to be reported separately to each partner (attach additional schedules if more space is needed):		
	LINE 7 OTHER INCOME (LOSS)		
	LOSS ON SECTION 988		TOTAL \$ -655,188.
			\$ -655,188.
	LINE 25 SUPPLEMENTAL INFORMATION		
	SUSPENDED SECTION 988 LOSS DUE TO BASIS LIMITATION \$14,043,611		
	SECTION 988 LOSS SUSPENDED DUE TO PARTNER BASIS LIMITATION		

Schedule K-1
(Form 1065)

Partner's Share of Income, Credits, Deductions, etc

OMB No. 1545-0099

2002

Department of the Treasury
Internal Revenue Service

For calendar year 2002 or tax year

beginning 11/01, 2002, and ending 12/31, 20 02

Partner's identifying number ▶ 13-4044226

Partnership's identifying number ▶ 98-0174122

Partner's name, address, and ZIP code

GAMES LLC
C/O MACSON 135 WEST 52ND STREET
NEW YORK, NY 10019

Partnership's name, address, and ZIP code

KISLEV PARTNERS, L.P.
C/O ALEXICO MGMT, 150 EAST 58TH STREET
NEW YORK, NY 10155

28

A This partner is a ☐ general partner ☒ limited partner
☐ limited liability company memberB What type of entity is this partner? ▶ INDIVIDUALC Is this partner a ☒ domestic or a ☐ foreign partner?D Enter partner's % of: (i) Before change or termination (ii) End of year
Profit sharing % 45 %
Loss sharing % 45 %
Ownership of capital % 45 %E IRS Center where partnership filed return: OGDEN, UT

F Partner's share of liabilities (see instructions):

Nonrecourse \$
Qualified nonrecourse financing \$
Other \$ 41,283.

G Tax shelter registration number ▶

H Check here if this partnership is a publicly traded partnership as defined in section 469(k)(2) ☐I Check applicable boxes: (1) ☐ Final K-1 (2) ☐ Amended K-1

J Analysis of partner's capital account:

(a) Capital account at beginning of year	(b) Capital contributed during year	(c) Partner's share of lines 3, 4, and 7, Form 1065, Schedule M-2	(d) Withdrawals and distributions	(e) Capital account at end of year (combine columns (a) through (d))
64,005,112.		-2,948,917.		61,056,195.

(a) Distributive share item		(b) Amount	(c) 1040 filers enter the amount in column (b) on:
Income (Loss)	1 Ordinary income (loss) from trade or business activities	1 -1,760.	See Partner's Instructions for Schedule K-1 (Form 1065).
	2 Net income (loss) from rental real estate activities	2	
	3 Net income (loss) from other rental activities	3	
	4 Portfolio income (loss):		
	a Interest	4a 1,191.	Schedule B, Part I, line 1
	b Ordinary dividends	4b	Schedule B, Part II, line 5
	c Royalties	4c	Schedule E, Part I, line 4
	d Net short-term capital gain (loss)	4d	Schedule D, line 5, column (f)
	e (1) Net long-term capital gain (loss)	4e(1)	Schedule D, line 12, column (f)
	(2) 28% rate gain (loss)	4e(2)	Schedule D, line 12, column (g)
	(3) Qualified 5-year gain	4e(3)	Line 5 of worksheet for Sch D, line 29
	f Other portfolio income (loss) (attach schedule)	4f	Enter on applicable ln of your return
	5 Guaranteed payments to partner	5	
Deductions	6 Net section 1231 gain (loss) (other than due to casualty or theft)	6	See Partner's Instructions for Schedule K-1 (Form 1065).
	7 Other income (loss) (attach schedule) SEE. LINE 25	7 -2,948,348.	Enter on applicable ln of your return
	8 Charitable contributions (see instructions) (attach schedule)	8	Schedule A, line 15 or 16
	9 Section 179 expense deduction	9	See Partner's Instructions for Schedule K-1 (Form 1065).
	10 Deductions related to portfolio income (attach schedule)	10	
Credits	11 Other deductions (attach schedule)	11	
	12a Low-income housing credit:		
	(1) From section 42(j)(5) partnerships	12a(1)	Form 8586, line 5
	(2) Other than on line 12a(1)	12a(2)	
	b Qualified rehabilitation expenditures related to rental real estate activities	12b	See Partner's Instructions for Schedule K-1 (Form 1065).
	c Credits (other than credits shown on lines 12a and 12b) related to rental real estate activities	12c	
	d Credits related to other rental activities	12d	
	13 Other credits	13	

BAA For Paperwork Reduction Act Notice, see Instructions for Form 1065.

Schedule K-1 (Form 1065) 2002

	(a) Distributive share item	(b) Amount	(c) 1040 filers enter the amount in column (b) on:
Investment Interest	14a Interest expense on investment debts	14a	Form 4952, line 1
	b (1) Investment income included on lines 4a, 4b, 4c, and 4f	14b(1) 1,191.	See Partner's Instructions for Schedule K-1 (Form 1065).
	(2) Investment expenses included on line 10	14b(2)	
Self-employment	15a Net earnings (loss) from self-employment	15a	Schedule SE, Section A or B
	b Gross farming or fishing income	15b	See Partner's Instructions for Schedule K-1 (Form 1065).
	c Gross nonfarm income	15c	
Adjustments and Tax Preference Items	16a Depreciation adjustment on property placed in service after 1986	16a	See Partner's Instructions for Schedule K-1 (Form 1065) and Instructions for Form 6251.
	b Adjusted gain or loss	16b	
	c Depletion (other than oil and gas)	16c	
	d (1) Gross income from oil, gas, and geothermal properties	16d(1)	
	(2) Deductions allocable to oil, gas, and geothermal properties	16d(2)	
	e Other adjustments & tax preference items (attach sch.)	16e	
Foreign Taxes	17a Name of foreign country or U.S. possession	17a	Form 1116, Part I
	b Gross income from all sources	17b	
	c Gross income sourced at partner level	17c	
	d Foreign gross income sourced at partnership level:		
	(1) Passive	17d(1)	
	(2) Listed categories (attach schedule)	17d(2)	
	(3) General limitation	17d(3)	
	e Deductions allocated and apportioned at partner level:		
	(1) Interest expense	17e(1)	
	(2) Other	17e(2)	
	f Deductions allocated and apportioned at partnership level to foreign source income:		
	(1) Passive	17f(1)	
(2) Listed categories (attach schedule)	17f(2)		
(3) General limitation	17f(3)		
	g Total foreign taxes (check one): <input type="checkbox"/> Paid <input type="checkbox"/> Accrued	17g	Form 1116, Part II
	h Reduction in taxes available for credit (attach schedule)	17h	Form 1116, line 12.
Other	18a Section 59(e)(2) expenditures: a Type	18a	See Partner's Instructions for Schedule K-1 (Form 1065).
	b Amount	18b	
	19 Tax-exempt interest income	19	Form 1040, line 8b
	20 Other tax-exempt income	20	See Partner's Instructions for Schedule K-1 (Form 1065).
	21 Nondeductible expenses	21	
	22 Distributions of money (cash and marketable securities)	22	
	23 Distributions of property other than money	23	Form 8611, line 8
24 Recapture of low-income housing credit:			
a From section 42(j)(5) partnerships	24a		
	b Other than on line 24a	24b	
Supplemental Information	25 Supplemental information required to be reported separately to each partner (attach additional schedules if more space is needed):		
	LINE 7 OTHER INCOME (LOSS) LOSS ON SECTION 988 TOTAL \$ -2,948,348. \$ -2,948,348.		
LINE 25 SUPPLEMENTAL INFORMATION SUSPENDED SECTION LOSS DUE TO BASIS LIMITATION \$63,196,249 SECTION 988 LOSS SUSPENDED DUE TO PARTNER BASIS LIMITATION			

Schedule K-1
(Form 1065)

Partner's Share of Income, Credits, Deductions, etc

OMB No. 1545-0099

2002

Department of the Treasury
Internal Revenue Service

For calendar year 2002 or tax year

beginning 11/01

, 2002, and ending 12/31, 20 02

Partner's identifying number ▶

Partnership's identifying number ▶ 98-0174122

Partner's name, address, and ZIP code

Partnership's name, address, and ZIP code

IZAK SENBAHAR
C/O ALEXICO MGMT. 150 E 58TH STREET
NEW YORK, NY 10155KISLEV PARTNERS, L.P.
C/O ALEXICO MGMT, 150 EAST 58TH STREET
NEW YORK, NY 10155

29

A This partner is a ☐ general partner ☒ limited partner
☐ limited liability company memberB What type of entity is this partner? ▶ INDIVIDUALC Is this partner a ☒ domestic or a ☐ foreign partner?D Enter partner's % of: (i) Before change or termination (ii) End of year
Profit sharing % 45 %
Loss sharing % 45 %
Ownership of capital % 45 %E IRS Center where partnership filed return: OGDEN, UT

F Partner's share of liabilities (see instructions):

Nonrecourse \$
Qualified nonrecourse financing \$
Other \$ 41,282.

G Tax shelter registration number ▶

H Check here if this partnership is a publicly traded partnership as defined in section 469(k)(2) ☐I Check applicable boxes: (1) ☐ Final K-1 (2) ☐ Amended K-1

J Analysis of partner's capital account:

(a) Capital account at beginning of year	(b) Capital contributed during year	(c) Partner's share of lines 3, 4, and 7, Form 1065, Schedule M-2	(d) Withdrawals and distributions	(e) Capital account at end of year (combine columns (a) through (d))
64,005,113.		-2,948,918.		61,056,195.

(a) Distributive share item		(b) Amount	(c) 1040 filers enter the amount in column (b) on:
Income (Loss)	1 Ordinary income (loss) from trade or business activities.....	1 -1,760.	See Partner's Instructions for Schedule K-1 (Form 1065).
	2 Net income (loss) from rental real estate activities	2	
	3 Net income (loss) from other rental activities	3	
	4 Portfolio income (loss):		
	a Interest	4a 1,190.	Schedule B, Part I, line 1
	b Ordinary dividends	4b	Schedule B, Part II, line 5
	c Royalties	4c	Schedule E, Part I, line 4
	d Net short-term capital gain (loss)	4d	Schedule D, line 5, column (f)
	e (1) Net long-term capital gain (loss)	4e(1)	Schedule D, line 12, column (f)
	(2) 28% rate gain (loss)	4e(2)	Schedule D, line 12, column (g)
	(3) Qualified 5-year gain	4e(3)	Line 5 of worksheet for Sch D, line 29
Deductions	f Other portfolio income (loss) (attach schedule)	4f	Enter on applicable line of your return
	5 Guaranteed payments to partner	5	
	6 Net section 1231 gain (loss) (other than due to casualty or theft)	6	See Partner's Instructions for Schedule K-1 (Form 1065).
	7 Other income (loss) (attach schedule) SEE LINE 25	7 -2,948,348.	Enter on applicable line of your return
	8 Charitable contributions (see instructions) (attach schedule)	8	Schedule A, line 15 or 16
Credits	9 Section 179 expense deduction	9	
	10 Deductions related to portfolio income (attach schedule)	10	See Partner's Instructions for Schedule K-1 (Form 1065).
	11 Other deductions (attach schedule)	11	
	12a Low-income housing credit:		
	(1) From section 42(j)(5) partnerships	12a(1)	Form 8586, line 5
	(2) Other than on line 12a(1)	12a(2)	
	b Qualified rehabilitation expenditures related to rental real estate activities	12b	See Partner's Instructions for Schedule K-1 (Form 1065).
	c Credits (other than credits shown on lines 12a and 12b) related to rental real estate activities	12c	
	d Credits related to other rental activities	12d	
	13 Other credits	13	

BAA For Paperwork Reduction Act Notice, see Instructions for Form 1065.

Schedule K-1 (Form 1065) 2002

PTPA0312L 12/27/02

PARTNER 1

	(a) Distributive share item	(b) Amount	(c) 1040 filers enter the amount in column (b) on:
Investment Interest	14a Interest expense on investment debts	14a	Form 4952, line 1
	b (1) Investment income included on lines 4a, 4b, 4c, and 4f	14b(1) 1,190.	See Partner's Instructions for Schedule K-1 (Form 1065).
	(2) Investment expenses included on line 10	14b(2)	
Self-employment	15a Net earnings (loss) from self-employment	15a	Schedule SE, Section A or B
	b Gross farming or fishing income	15b	See Partner's Instructions for Schedule K-1 (Form 1065).
	c Gross nonfarm income	15c	
Adjustments and Tax Preference Items	16a Depreciation adjustment on property placed in service after 1986	16a	See Partner's Instructions for Schedule K-1 (Form 1065) and Instructions for Form 6251.
	b Adjusted gain or loss	16b	
	c Depletion (other than oil and gas)	16c	
	d (1) Gross income from oil, gas, and geothermal properties	16d(1)	
	(2) Deductions allocable to oil, gas, and geothermal properties	16d(2)	
	e Other adjustments & tax preference items (attach sch.)	16e	
Foreign Taxes	17a Name of foreign country or U.S. possession	17a	Form 1116, Part I
	b Gross income from all sources	17b	
	c Gross income sourced at partner level	17c	
	d Foreign gross income sourced at partnership level:		
	(1) Passive	17d(1)	
	(2) Listed categories (attach schedule)	17d(2)	
	(3) General limitation	17d(3)	
	e Deductions allocated and apportioned at partner level:		
	(1) Interest expense	17e(1)	
	(2) Other	17e(2)	
	f Deductions allocated and apportioned at partnership level to foreign source income:		
	(1) Passive	17f(1)	
	(2) Listed categories (attach schedule)	17f(2)	
(3) General limitation	17f(3)		
g Total foreign taxes (check one): <input type="checkbox"/> Paid <input type="checkbox"/> Accrued	17g	Form 1116, Part II	
h Reduction in taxes available for credit (attach schedule)	17h	Form 1116, line 12.	
Other	18a Section 59(e)(2) expenditures: a Type	18a	See Partner's Instructions for Schedule K-1 (Form 1065).
	b Amount	18b	
	19 Tax-exempt interest income	19	Form 1040, line 8b
	20 Other tax-exempt income	20	See Partner's Instructions for Schedule K-1 (Form 1065).
	21 Nondeductible expenses	21	
	22 Distributions of money (cash and marketable securities)	22	
	23 Distributions of property other than money	23	
	24 Recapture of low-income housing credit:		Form 8611, line 8
a From section 42(j)(5) partnerships	24a		
b Other than on line 24a	24b		
Supplemental Information	25 Supplemental information required to be reported separately to each partner (attach additional schedules if more space is needed):		
	LINE 7 OTHER INCOME (LOSS) LOSS ON SECTION 988.....		TOTAL \$ -2,948,348. \$ -2,948,348.
Supplemental Information	LINE 25 SUPPLEMENTAL INFORMATION SUSPENDED SECTIN 988 LOSS DUE TOBASIS LIMITATION \$63,219,249 SECTION 988 LOSS SUSPENDED DUE TO PARTNER BASIS LIMITATION		

Internal Revenue Service

230 S. Dearborn MS 4031 CHI Room 2043
Attn: Brenda Williams
Chicago, IL 60604

Department of the Treasury

Refer To: Brenda Williams

Name of Partnership: Kislev Partners L.P.

Partnership Identifying Number: 98-0174122

Tax Year Ended: 12/31/2002

Date FPAA Mailed to the Tax Matters Partner:

MAR 28 2007

Person to Contact: Brenda Williams
Employee Number: 36-08840

Contact Telephone Number: 312-566-2449
(not a toll free number)

Contact Hours: 8:00 AM to 4:30 PM

Date: **MAR 28 2007**

Izak Senbahar
as the Tax Matters Partner
Kislev Partners, L.P.
c/o Alexico Mgmt
150 East 58th Street
New York, NY 10155

NOTICE OF FINAL PARTNERSHIP ADMINISTRATIVE ADJUSTMENT

The law requires us to send a Notice of Final Partnership Administrative Adjustment (FPAA) to the partnership named above, for the tax year shown above, and to each partner who is entitled to receive this notice.

We are proposing adjustments to the partnership items of the partnership and the tax year shown above. We will send the examination report outlining these adjustments to the Tax Matters Partner (TMP) of the partnership. (The TMP is the partner designated by the partnership to deal with the IRS.) He/she is also authorized to act for the partners who are not entitled to receive this notice. Any partner who wants a copy of the examination report should request it from the TMP. If the TMP is unable to provide you with a copy of the examination report, please contact the person named in the heading of this letter.

Taxable Years Ending Before August 6, 1997:

The adjustments to the partnership items reported on the partnership tax return may cause an increase or decrease to the tax liability on your individual return. Form 870-P, *Agreement to Assessment and Collection of Deficiency in Tax for Partnership Adjustments*, is a summary of the proposed adjustments to the partnership return. You can compute your share of the proposed adjustments by multiplying each adjusted partnership item by your percentage interest for that partnership item.

Taxable Years Ending After August 5, 1997:

The adjustments to the partnership items reported on the partnership tax return may cause an increase or decrease in the tax liability on your individual return. The adjustments may include partnership level determinations regarding penalties and additions to tax that relate to adjustments to partnership items. Form 870-PT, *Agreement for Partnership Items and Partnership Level Determinations as to Penalties, Additions to Tax, and Additional Amounts*, is a summary of the proposed adjustments to the partnership return. You can compute your share of the proposed adjustments by multiplying each adjusted partnership item by your percentage interest for that partnership item.



.etter 1830 (DO) (Rev. 3-2001)

You have three options available to you:

1. If you agree with the adjustments:

Sign and return the enclosed Form 870-P/Form 870-PT. When you sign Form 870-P/Form 870-PT, you are agreeing to pay any additional tax and interest resulting from the adjustments to the partnership return. For tax years ending after August 5, 1997, you are also agreeing to any partnership level determination as to penalties, additions to tax and additional amounts that relate to adjustments to partnership items, if any. In addition, you are waiving your rights to participate in any administrative or judicial proceeding affecting partnership items and in partnership level determinations as to penalties, additions to tax and additional amounts that relate to adjustments to partnership items for the tax year in question. This is a binding settlement only if you sign and return Form 870-P/Form 870-PT and we sign on behalf of the Commissioner of Internal Revenue Service. When we sign the agreement form, the one-year extension of the period of limitations on assessments will begin under Internal Revenue Code section 6229(f). Once the agreement is signed by both parties, you may not file a claim to change the items in question or claim a refund/credit based on a readjustment.

Note: If you are the TMP of the partnership, see the section of this letter entitled, *"For the Tax Matters Partner of the Partnership"*.

2. If you do not agree with the adjustments:

If you are the TMP of the partnership and want to contest the adjustments in court, you must file a petition within 90 days from the date this letter. During this 90-day period, no other partner may file a petition for judicial review. You can file your petition for readjustment of partnership items with:

1. the United States Tax Court;
2. the United States Court of Federal Claims; or
3. the District Court of the United States, in the district of the partnership's principal place of business.

A petition filed by the TMP precludes all other actions. If the TMP doesn't file a petition by the 90th day from the date the FPAA was mailed, any partner or any 5 percent group entitled to receive this notice may petition one of these courts. A "5 percent group" includes any group of partners who together have an interest of five percent or more in profits of the partnership. The petition must be filed after the 90th day, but on or before the 150th day from the date the FPAA was mailed to the TMP. If more than one petition is filed in Tax Court, the first petition will go forward. All other petitions (even those filed earlier in one of the other courts) will be dismissed. If no one files a petition in Tax Court, the first petition filed in one of the other courts will go forward and subsequent petitions will be dismissed.

Petitions filed with the United States Tax Court must be mailed to:

**United States Tax Court
400 Second Street, NW
Washington, DC 20217**

Attach a copy of this letter to the petition. The time in which you must file a petition with the court is fixed by law and the court can't consider your case if your petition is filed late. If this letter is addressed to both a husband and wife and both want to petition the Tax Court, both must sign the petition or each must file a separate signed petition.

When a partner (including each member of a 5 percent group that files a petition) files a petition in either the appropriate District Court or the Court of Federal Claims, the partner filing the petition must deposit the amount that the partner's tax liability would be increased if the treatment of the partnership

Form 870-LT (Rev. 6-2006)	Department of the Treasury — Internal Revenue Service Agreement for Partnership Items and Partnership Level Determinations as to Penalties, Additions to Tax, and Additional Amounts and Agreement for Affected Items	IN REPLY REFER TO: Brenda Williams
Taxpayer(s) name(s), address and ZIP code: Izak Senbahar as the Tax Matters Partner Kislev Partners, L.P. c/o Alexico Mgmt. 150 East 58th Street New York, NY 10155 Taxpayer Identifying Number: 98-0174122	Name of Partnership: Kislev Partners, L.P. Taxpayer Identifying Number: 98-0174122	Tax Year(s) Ended: December 31, 2002
	Name of Tax Matters Partner: Izak Senbahar	

Part I – Offer of Agreement to Partnership Items and Partnership Level Determinations as to Penalties, Additions to Tax, and Additional Amounts

&

Waiver of Restrictions on Assessment for Partnership Items, Penalties, Additions to Tax, and Additional Amounts

Under sections 6224(c) and 7121 of the Internal Revenue Code (IRC) of 1986, the Commissioner of the Internal Revenue Service and the undersigned taxpayer(s) agree to the determination of partnership items and partnership level determinations as to penalties, additions to tax, and additional amounts that relate to adjustments to partnership items as shown on the attached schedule of adjustments.

The undersigned taxpayer(s), in accordance with IRC sections 6224(b) and 6213(d), also waive the restrictions provided by IRC sections 6225(a) and 6213(a) and consent to the assessment and collection of any deficiency attributable to partnership items, penalties, additions to tax, and additional amounts that relate to partnership items, as determined in this agreement, plus any interest provided by law.

This is a binding settlement only when you sign this form, it is returned to us, and we sign on behalf of the Commissioner. When we sign the agreement form, the one-year extension of the period of limitations on assessments will begin under Internal Revenue Code section 6229(f). If this is a partial agreement, the period of limitations for assessing any tax attributable to the settled items shall be determined as if this agreement had not been entered into.

If Part I of this agreement form is signed for the Commissioner, the treatment of partnership items and partnership level determinations as to penalties, additions to tax and additional amounts that relate to adjustments to partnership items under this agreement will not be reopened in absence of fraud, malfeasance, or misrepresentation of fact. In addition, no claim for an adjustment of partnership items, refund or credit based on any change in the treatment of partnership items or partnership level determinations as to penalties, additions to tax, and additional amounts may be filed or prosecuted.

Signature of Taxpayer	Date Signed	Phone Number
Signature of Taxpayer	Date Signed	Phone Number
By (Signature and Title)	Date Signed	Phone Number
FOR INTERNAL REVENUE USE ONLY	Date accepted for Commissioner	Signature
	Office	Title

Part II – Offer of Agreement for Affected Items and Waiver of Restrictions on Assessment

Under sections 6224(c) and 7121 of the Internal Revenue Code (IRC) of 1986, the Commissioner of the Internal Revenue Service and the undersigned taxpayer(s) agree to the determination of partner level determinations (affected items) as shown on the attached schedule of adjustments.

The undersigned taxpayer(s), in accordance with IRC sections 6224(b) and 6213(d), also waive the restrictions provided by IRC sections 6225(a) and 6213(a) and consent to the assessment and collection of any deficiency attributable to partner level determinations, as set forth in the attached schedule of adjustments, plus any interest provided by law. This is a binding settlement only when you sign this form; return it to us and we sign on behalf of the Commissioner.

If Part II of this agreement form is signed for the Commissioner, the treatment under this agreement of the specified affected items and the partner level determinations as to penalties, additions to tax, and additional amounts that relate to adjustments to partnership items will not be reopened in absence of fraud, malfeasance, or misrepresentation of fact. In addition, no claim for an adjustment of affected items or partner level determinations as to penalties, additions to tax, and additional amounts, or a refund or credit based on any change in the treatment of these affected items or partner level determinations as to penalties, additions to tax, and additional amounts may be filed or prosecuted. If this is a partial agreement, the period of limitations for assessing any tax attributable to the settled items shall be determined as if this agreement had not been entered into.

This agreement with respect to affected items and partner level determinations as to penalties, additions to tax, and additional amounts is not subject to a request for consistent settlement terms pursuant to IRC section 6224(c)(2).

Signature of Taxpayer		Date Signed	Phone Number
Signature of Taxpayer		Date Signed	Phone Number
By (Signature and Title)		Date Signed	Phone Number
FOR INTERNAL REVENUE USE ONLY	Date accepted for Commissioner	Signature	
	Office	Title	

INSTRUCTIONS FOR SIGNING FORM 870-LT

1. Sign Part I (Offer of Settlement of Partnership Items and Partnership Level Determinations as to Penalties, Additions to Tax, and Additional Amounts and Waiver of Restrictions on Assessment for Partnership Items, Penalties, Additions to Tax, and Additional Amounts) of Form 870-LT to settle the partnership items and partnership level determinations as to penalties, additions to tax, and additional amounts, if any, as shown on the attached Schedule of Adjustments.
2. Sign Part II (Offer of Settlement of Affected Items and Waiver of Restrictions on Assessment) of Form 870-LT to settle the items that require partner level determinations (affected items, including penalties, additions to tax, and additional amounts, if any). These items are also shown on the attached Schedule of Adjustments.

If you sign Part I, but don't sign Part II, we will mail you one of the following:

- An affected item report, including penalties, additions to tax, and additional amounts, if any, showing the adjustments to your return. You can agree to the affected items at that time or request further Appeals consideration. The report will explain how to do this.
- A notice of deficiency for the affected items other than penalties, additions to tax, and additional amounts. The notice will tell you how to file a petition with the United States Tax Court to dispute the deficiency attributable to the affected items other than penalties, additions to tax, and additional amounts. Penalties, additions to tax, and additional amounts, if any, will be assessed. You must then pay the tax and penalties before you may file a claim for refund to raise any partner level defenses per IRC section 6230(c)(1).

The execution and filing of this offer will expedite the adjustment of tax liability.

3. Your agreement to the corrected partnership items in Part I of Form 870-LT will remain in effect, whether or not you sign Part II of this form.
4. If a JOINT RETURN OF A HUSBAND AND WIFE was filed and both spouses intend to agree, both spouses should sign Form 870-LT. One spouse may sign as agent for the other if acting under a power of attorney, which, if not previously filed, must accompany this form. The IRS may accept the signature of only one spouse at its discretion. However, the agreement will only be binding on the signing spouse.
5. If the taxpayer is a corporation, the agreement must be signed with the corporate name followed by the signature and title of the officer authorized to sign Form 870-LT.
6. Your attorney or agent may sign either part of the form for you if this action is specifically authorized by a power of attorney, which if not previously filed, must accompany this form.
7. If this offer is signed by a trust, the agreement must be signed with the trust name, followed by the signature and title of the person authorized to sign on behalf of the trust.
8. For a partner who is a member of a consolidated group and the agreement is for a partnership year(s) ending on or before the last day of a consolidated return year beginning before June 28, 2002, the agreement should be signed by a currently authorized officer of the corporation who was the common parent corporation of the consolidated group for the relevant consolidated return year(s). The common parent corporation signs the agreement in its own name. The signature and title of a current officer of the common parent corporation, who is authorized to bind the common parent corporation, should be displayed in the signature block. See Treas. Reg. § 1.1502-77A(a). However, if the agreement is for a partnership year(s) ending on or before the last day of a consolidated return year beginning on or after June 28, 2002, then a currently authorized officer of the subsidiary corporation should sign the agreement and should do so in the name of the subsidiary corporation. See Treas. Reg. § 1.1502-77(a)(6)(iii). The signature and title of a current officer of the subsidiary corporation, who is authorized to bind the corporation, should be displayed in the signature block.

For a partner who is the common parent corporation of a consolidated group and the agreement is for a partnership year(s) ending on or before the last day of a consolidated return year beginning before, on or after June 28, 2002, a currently authorized officer of the corporation who was the common parent corporation of the consolidated group for such consolidated return year(s) should sign the agreement in the name of the common parent corporation. See Treas. Reg. § 1.1502-77(a).
9. If the Tax Matters Partner signs this offer, please include the title with the signature.
10. If the Tax Matters Partner is a subsidiary corporation in a consolidated group and the agreement is for a partnership year(s) ending on or before the last day of a consolidated return year beginning before June 28, 2002, then a currently authorized officer of the corporation who was the common parent corporation of the consolidated group for such consolidated return year should sign the agreement on behalf of the Tax Matters Partner. The signature and title of a current officer of the common parent corporation, who is authorized to bind the common parent corporation, should be displayed in the signature block. See Treas. Reg. § 1.1502-77A(a). An authorized officer for the subsidiary corporation should also sign if it, as the Tax Matters Partner, is binding non-notice partners under the agreement. However, if the agreement is for partnership year(s) ending on or before the last day of a consolidated return year beginning on or after June 28, 2002, then a currently authorized officer of the subsidiary corporation should sign the agreement in the name of the subsidiary corporation. See Treas. Reg. § 1.1502-77(a)(3)(v).

NOTE: The submission of this offer by you and the acceptance of the offer for the Commissioner may result in an additional tax liability to you plus interest as provided by law. If the result is a decrease in tax, the amount of the decrease will be sent to you with interest as provided by law.

Department of the Treasury — Internal Revenue Service

**Agreement for Partnership Items and Partnership Level
Determinations as to Penalties, Additions to Tax, and
Additional Amounts and Agreement for Affected Items**

SCHEDULE OF ADJUSTMENTS

NAME OF PARTNERSHIP Kislev Partners, L.P.	TAX YEAR(S) ENDED		
TAXPAYER IDENTIFYING NUMBER 98-0174122	12/31/2002		
DETAIL OF ADJUSTMENTS TO ORDINARY INCOME			
Ordinary income (loss) from trade or business	3,911.00		
TOTAL ADJUSTMENTS TO ORDINARY INCOME	3,911.00		
OTHER ADJUSTMENTS			
A. Portfolio income (loss) interest			
(1) ADJUSTMENT	(2,646.00)		
(2) AS REPORTED	2,646.00		
(3) CORRECTED	0.00		
B. Other income (loss)			
(1) ADJUSTMENT	6,551,884		
(2) AS REPORTED	(6,551,884)		
(3) CORRECTED	0.00		
REMARKS			

EXHIBIT C

(Part 2 of 4)

Form 870-LT, Other Adjustments (Continued)

Page 2 of 2

NAME OF PARTNERSHIP Kislev Partners, L.P.	TAX YEAR(S) ENDED		
TAXPAYER IDENTIFYING NUMBER 98-0174122	12/31/2002		
C. Investment income included in portfolio Income			
(1) ADJUSTMENT	(2,646.00)		
(2) AS REPORTED	2,646.00		
(3) CORRECTED	0.00		
D. Basis			
(1) ADJUSTMENT	*		
(2) AS REPORTED	*		
(3) CORRECTED	-0-		
E. Capital Accounts			
(1) ADJUSTMENT	(135,680,434)		
(2) AS REPORTED	135,680,434		
(3) CORRECTED	0.00		
F.			
(1) ADJUSTMENT			
(2) AS REPORTED			
(3) CORRECTED			
G.			
(1) ADJUSTMENT			
(2) AS REPORTED			
(3) CORRECTED			
H.			
(1) ADJUSTMENT			
(2) AS REPORTED			
(3) CORRECTED			
I.			
(1) ADJUSTMENT			
(2) AS REPORTED			
(3) CORRECTED			

Exhibit A - Explanation of Items

KISLEV PARTNERS, L.P.

Final Partnership Administrative Adjustment Letter

Tax Year Ended - December 31, 2002 TIN: 98-0174122

1. It has not been established that the formation of Kislev Partners, LP (hereinafter the "partnership"), its purported acquisition of built-in-loss assets, the subsequent actual or deemed sale or exchange of such built-in loss assets (and/or assets whose adjusted bases were determined, in whole or in part, with reference to the adjusted basis of such assets), and/or the sale or exchange of interests in the partnership (or related partnerships) (hereinafter the "Transactions"), were imbued with economic substance and supported by bona fide business purpose. Accordingly, all reported losses of the partnership arising from the Transactions involving and/or related to the built-in-loss assets (also referred to herein as the "distressed assets") are disallowed.
2. It has not been established that the partnership was formed and availed of for the purpose of carrying on business by partner or for the sharing of profits and losses from such activity. The partnership and alleged transactions undertaken by the partnership and/or its purported partners were shams for federal tax purposes. All claimed losses are accordingly disallowed, and the partnership is disregarded for federal income tax purposes.
3. It has not been established that the form of the Transactions reflects the true substance of the Transactions for federal income tax purposes. The contributions of distressed assets to the partnership are treated in substance as never having been contributed to it; such assets are instead treated as having been sold to the partnership by the purported partner contributing the same for an amount equal to the amount which such contributing partner allegedly received later upon the alleged sale or exchange of its interest in the partnership (or another partnership to which such interest was transferred). In the alternative, such assets are treated in substance as having been purchased from the purported contributing partner by the partner allegedly purchasing such contributing partner's interest in the partnership (or another partnership to which such interest was transferred) in an amount equal to the amount paid for the alleged purchase of such partnership interest, followed by the contribution of the distressed assets by the purchasing partner to the partnership. Giving effect to the substance, not the form, of the Transactions, all claimed losses are disallowed.
4. It has not been established that the Transactions involving the distressed assets should not be collapsed under the step transaction doctrine and taxed in accordance with their true substance as constituting part of a unified integrated plan in which the partnership

Exhibit A - Explanation of Items

KISLEV PARTNERS, L.P.

Final Partnership Administrative Adjustment Letter

Tax Year Ended - December 31, 2002 TIN: 98-0174122

was utilized as a mere conduit serving no business purpose and having no economic substance through which the distressed assets were in form allegedly passed to effectuate desired inflated basis in the distressed assets and non-economic artificial losses. Giving effect to the application of the step transaction doctrine, all claimed losses are disallowed.

5. It has not been established that the partnership was formed and availed of, in connection with the Transactions, other than for the principal purpose to substantially reduce the present value of its partners' aggregate federal tax liabilities in a manner inconsistent with the intent of Subchapter K of the Internal Revenue Code. Pursuant to Section 1.701-2 of the Income Tax Regulations, it is determined that:
 - a. The partnership is disregarded and all actions and activity allegedly undertaken and/or conducted by the partnership are treated as having been undertaken and/or conducted by its purported partners in their individual capacities, not as partners;
 - b. All purported contributions of distressed assets to the partnership are treated as never having been contributed to it; such assets are instead treated as having been sold to the partnership by the purported partner contributing the same for an amount equal to the amount which such contributing partner allegedly received later upon the alleged sale or exchange of its interest in the partnership interest (or another partnership to which such interest was transferred). In the alternative, such assets are treated as having been purchased from the purported contributing partner by the partner allegedly purchasing such contributing partner's interest in the partnership (or another partnership to which such interest was transferred) in an amount equal to the amount paid for the alleged purchase of such partnership interest, followed by the contribution of the distressed assets by the purchasing partner to the partnership;
 - c. All alleged contributions to the partnership giving rise to claimed basis by the partnership in such assets are treated as not having been made to the partnership; the alleged transfers giving rise to said claimed contributions are instead treated as involving transfers by and among the alleged partners in their individual capacities, not as partners;

Exhibit A - Explanation of Items

KISLEV PARTNERS, L.P.

Final Partnership Administrative Adjustment Letter

Tax Year Ended - December 31, 2002 TIN: 98-0174122

- d. All claimed losses of the partnership arising from the Transactions are disallowed as not reflecting true economic loss of the partnership and/or any of the purported partners to whom such loss was allocated.

Accordingly, all claimed losses are disallowed in full.

- 6. It has not been established that the partnership had any basis in the distressed assets. In this regard, it has not been established that the distressed assets were in fact contributed or, if contributed, that the alleged contributing partner had any basis in such assets or that such assets had any value at the time they were contributed and were property within the meaning of Section 723. It is therefore determined that such bases are zero, and any claimed losses with respect to such assets are disallowed.
- 7. It is has not been established that the partnership incurred any claimed losses during the taxable year in issue or that it is otherwise entitled to any deduction under any provision of the Internal Revenue Code. Accordingly, all reported losses involving and/or related to the built-in-loss assets are disallowed.
- 8. It is has not been established that any claimed losses involving and/or related to the built-in-loss assets acquired by of the partnership resulted from a transaction entered into for profit, and, accordingly, no such losses are allowable under any provision of the Internal Revenue Code, including, but not limited to, Section 165(c)(2).
- 9. Alternatively, if any portion of the claimed basis in the distressed assets is otherwise allowable, it is determined that any portion of the basis and related loss claimed for the distressed assets that results from, or otherwise relates to, the excess of basis over fair market value (FMV) of such assets at the time the same were allegedly contributed to the partnership, should be allocated to the contributing partner, under the authority of Section 482 of the Internal Revenue Code.
- 10. Alternatively, if any portion of any claimed loss relating to the distressed assets is otherwise allowable, it is determined that with regard to any portion of the loss recognized on the actual or deemed sale or exchange of the distressed assets that is attributable to the excess of basis over FMV of the distressed assets at the time such assets were contributed to the partnership, the allocation of any of such loss to the U.S. partners is unreasonable, and that portion of such loss should be allocated to the alleged partners that purportedly

Exhibit A - Explanation of Items

KISLEV PARTNERS, L.P.

Final Partnership Administrative Adjustment Letter

Tax Year Ended - December 31, 2002 TIN: 98-0174122

contributed the distressed assets, in accordance with the authority of Section 1.704-3(a)(8) and (10) of the Income Tax Regulations. Accordingly, in the alternative, the claimed loss relating to the distressed assets should be allocated to the partners that contributed the distressed assets.

11. Alternatively, it has not been established that any of the alleged partners of the partnership were at-risk under Section 465 of the Internal Revenue Code with regard to the activities conducted by the partnership during the taxable period(s) in issue.
12. Alternatively, it has not been established that claimed losses relating to the distressed assets were not passive activity losses subject to the limitations of Section 469 of the Internal Revenue Code.

Penalties (applicable to all adjustments)

1. The adjustments to the partnership items determined herein are attributable to a tax shelter within the meaning of Section 6662(d)(2)(C)(ii) of the Internal Revenue Code. The partnership and its purported partners/members had, as a significant purpose, the avoidance or evasion of federal income tax, lacked substantial authority for the positions taken, and did not have a reasonable belief that those positions were more likely than not the correct treatment of such items.
2. It is also determined that all of the underpayments of tax resulting from the adjustments of partnership items made herein are attributable to (1) a substantial understatement, (2) a gross valuation misstatement, and/or (3) negligence or disregard of rules or regulations.
3. In addition, it is determined that the partnership and its partners did not have reasonable cause and good faith for any of the resulting underpayments, or that any other exceptions to the accuracy-related penalty apply.
4. It is therefore determined that the accuracy-related penalty under Section 6662 of the Internal Revenue Code applies to all underpayments of tax attributable to adjustments of partnership items determined herein. The components of the accuracy-related penalty are imposed as follows:

Exhibit A - Explanation of Items

KISLEV PARTNERS, L.P.

Final Partnership Administrative Adjustment Letter

Tax Year Ended - December 31, 2002 TIN: 98-0174122

- A. a 40 percent penalty is imposed on any portion of the underpayment that is attributable to a gross valuation misstatement as provided by Sections 6662(a), 6662(b)(3), 6662(e), and 6662(h) of the Internal Revenue Code.
- B. a 20 percent penalty is imposed on any portion of the underpayment attributable to negligence or disregard of rules and regulations as provided by Sections 6662(a), 6662(b)(1), 6662(c) of the Internal Revenue Code.
- C. a 20 percent penalty is imposed on the portion of the underpayment attributable to the substantial understatement of income tax as provided by sections 6662(a), 6662(b)(2), and 6662(d) of the Internal Revenue Code.
- D. a 20 percent penalty is imposed on the underpayment attributable to the substantial valuation misstatement as provided by Sections 6662(a), 6662(b)(3) and 6662(e) of the Internal Revenue Code.

Department of the Treasury — Internal Revenue Service

0822130175314

Form 1040

U.S. Individual Income Tax Return 2002

(99) IRS use only — Do not write or staple in this space.

Label
(See instructions.)Use the
IRS label.
Otherwise,
please print
or type.Presidential
Election
Campaign
(See instructions.)

For the year Jan 1 - Dec 31, 2002, or other tax year beginning , 2002, ending , 20		OMB No. 1545-0074
Your first name NESIM BAHAR	MI Last name	Your social security number [REDACTED]
If a joint return, spouse's first name	MI Last name	Spouse's social security number
Home address (number and street). If you have a P.O. box, see instructions.		▲ Important! ▲ You must enter your social security number(s) above.
Apartment no.		
City, town or post office. If you have a foreign address, see instructions.		State ZIP code
NEW YORK, NY 10021		

▶ **Note:** Checking 'Yes' will not change your tax or reduce your refund. Do you, or your spouse if filing a joint return, want \$3 to go to this fund? ☐ Yes ☒ No ☐ Yes ☐ No

Filing Status

- 1 ☒ Single
- 2 ☐ Married filing jointly (even if only one had income)
- 3 ☐ Married filing separately. Enter spouse's SSN above & full name here. ▶
- 4 ☐ Head of household (with qualifying person). (See instructions.) If the qualifying person is a child but not your dependent, enter this child's name here ▶
- 5 ☐ Qualifying widow(er) with dependent child (year spouse died... ▶). (See instructions.)

Exemptions

6a ☒ Yourself. If your parent (or someone else) can claim you as a dependent on his or her tax return, do not check box 6a.

b ☐ Spouse

c Dependents:

(1) First name	Last name	(2) Dependent's social security number	(3) Dependent's relationship to you	(4) <input checked="" type="checkbox"/> if qualifying child for child tax credit (see instrs)
[RECEIVED IRS]				
OCT 21 2003				
[REDACTED]				
[REDACTED]				
[REDACTED]				
[REDACTED]				

d Total number of exemptions claimed. 1

No. of boxes checked on 6a and 6b. 1

No. of children on 6c who:

- lived with you.
- did not live with you due to divorce or separation (see instrs).

Dependents on 6c not entered above .

Add numbers on lines above . 1

Income

Attach Forms 1041 and W-2G. Also attach Form(s) 1099-R if was withheld.

If you did not attach a W-2, see instructions.

Use use Form 1040-V.

7 Wages, salaries, tips, etc. Attach Form(s) W-2.	7	100,000.
8a Taxable interest. Attach Schedule B if required.	8a	1,596.
b Tax-exempt interest. Do not include on line 8a.	8b	
9 Ordinary dividends. Attach Schedule B if required.	9	
10 Taxable refunds, credits, or offsets of state and local income taxes (see instructions).	10	
11 Alimony received.	11	
12 Business income or (loss). Attach Schedule C or C-EZ.	12	(-5,353.)
13 Capital gain or (loss). Att Sch D if reqd. If not reqd, ck here. <input type="checkbox"/>	13	64,101
14 Other gains or (losses). Attach Form 4797.	14	
15a IRA distributions.	15a	
b Taxable amount (see instrs).	15b	
16a Pensions and annuities.	16a	
b Taxable amount (see instrs).	16b	
17 Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E.	17	(-75,298.)
18 Farm income or (loss). Attach Schedule F.	18	
19 Unemployment compensation.	19	
20a Social security benefits.	20a	
b Taxable amount (see instrs).	20b	
21 Other income SEE STATEMENT 1	21	(-729,272.)
22 Add the amounts in the far right column for lines 7 through 21. This is your total income.	22	(-644,226.)

Adjusted Gross Income

23 Educator expenses (see instructions).	23	
24 IRA deduction (see instructions).	24	
25 Student loan interest deduction (see instructions).	25	
26 Tuition and fees deduction (see instructions).	26	
27 Archer MSA deduction. Attach Form 8853.	27	
28 Moving expenses. Attach Form 3903.	28	
29 One-half of self-employment tax. Attach Schedule SE.	29	
30 Self-employed health insurance deduction (see instructions).	30	
31 Self-employed SEP, SIMPLE, and qualified plans.	31	
32 Penalty on early withdrawal of savings.	32	
33a Alimony paid b Recipient's SSN. ▶	33a	
34 Add lines 23 through 33a.	34	
35 Subtract line 34 from line 22. This is your adjusted gross income.	35	(-644,226.)

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see instructions.

FDIA0112L 12/26/02

Form 1040 (2002)

GOVERNMENT
EXHIBIT

3

Form **2688****Application for Additional Extension of Time to File
U.S. Individual Income Tax Return**

OMB No. 1545-0066

2002Department of the Treasury
Internal Revenue Service▶ See instructions.
▶ You must complete all items that apply to you.Please type
or print.

Your first name

MI

Last name

NESIM BAHAR

File by the due
date for filing
your return.

If a joint return, spouse's first name

MI

Last name

Your social security number

Spouse's social security number

Home address (number and street)

City, town or post office

State

ZIP Code

NEW YORK, NY 10021

Please fill in the Return Label at the bottom of this page.

- 1 I request an extension of time until 10/15/2003, to file Form 1040EZ, Form 1040A, Form 1040, Form 1040NR-EZ, or Form 1040NR for the calendar year 2002, or other tax year ending _____.
- 2 Explain why you need an extension. You must give an adequate explanation. _____
TAXPAYER RESPECTFULLY REQUESTS ADDITIONAL TIME TO GATHER INFORMATION NECESSARY TO
FILE A COMPLETE AND ACCURATE TAX RETURN.
- 3 Have you filed Form 4868 to request an automatic extension of time to file for this tax year? ☒ Yes ☐ No
 If you checked 'No,' we will grant your extension only for undue hardship. Fully explain the hardship in item 2. Attach any information you have that helps explain the hardship.

If you expect to file a gift or generation-skipping transfer (GST) tax return, complete line 4.

- 4 If you or your spouse plan to file a gift or GST tax return (Form 709 or 709-A) for 2002, generally due by April 15, 2003, see the instructions and check here _____

Yourself _____

Spouse _____

Signature and Verification

Under penalties of perjury, I declare that I have examined this form, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete; and, if prepared by someone other than the taxpayer, that I am authorized to prepare this form.

Signature of taxpayer ▶

Date ▶

Signature of spouse ▶

Date ▶

Signature of preparer
other than taxpayer ▶

Date ▶

Please fill in the **Return Label** below with your name, address, and social security number. The IRS will complete the **Notice to Applicant** and return it to you. If you want it sent to another address or to an agent acting for you, enter the other address and add the agent's name.

(Do not detach)

**Notice to
Applicant****To Be
Completed
by the IRS**

- ☐ We have approved your application.
☐ We have not approved your application.

However, we have granted a 10-day grace period to _____. This grace period is considered a valid extension of time for elections otherwise required to be made on a timely return.

- ☐ We have not approved your application. After considering the information you provided in item 2 above, we cannot grant your request for an extension of time to file. We are not granting a 10-day grace period.
☐ We cannot consider your application because it was filed after the due date of your return.
☐ Other _____

Director

Date

Taxpayer's name (and agent's name, if applicable). If a joint return, also give spouse's name.

NESIM BAHAR
DAVIS GRABER & NASBERG LLP

Number and street (include suite, room, or apt no.) or P.O. box number

150 EAST 58TH STREET, 20TH FLOOR

City, town or post office

NEW YORK, NY 10155

Taxpayer's social security number

Spouse's social security number

Agents:

Always include taxpayer's name on return label.

Form **4868****Application for Automatic Extension of Time
To File U.S. Individual Income Tax Return**

OMB No. 1545-0188

2002Department of the Treasury
Internal Revenue Service

(99)

For calendar year 2002, or other tax year beginning

, 2002, ending

Part I Identification**1** Your name(s) (see instructions)NESIM BAHAR
DAVIS GRABER & NASBERG LLP

Address (see instructions)

150 EAST 58TH STREET, 20TH FLOOR

City, town or post office

State ZIP code

NEW YORK, NY 10155

2 Your social security number**3** Spouse's social security number**Part II Individual Income Tax**

4 Estimate of total tax liability for 2002 \$ 0.

5 Total 2002 payments 20,830.

6 Balance due. Subtract 5 from 4.. 0.

Part IV Gift/GST Tax — If you are **not** filing a gift or GST tax return, go to Part V now. See the instructions.

7 Your gift or GST tax payment \$

8 Your spouse's gift/GST tax payment

Part V Total

9 Total liability. Add lines 6, 7, and 8. \$ 0.

10 Amount you are paying 0.

Confirmation Number

If you file electronically, you will receive a confirmation number telling you that your Form 4868 has been accepted. Enter the confirmation number here and keep it for your records.

Part III Complete ONLY If Filing Gift/GST Tax Return**Caution:** Only for gift/GST tax extension! Checking box(es) may result in correspondence if Form 709 or 709-A is not filed.

This form also extends the time for filing a gift or generation-skipping transfer (GST) tax return if you file a calendar (not fiscal) year income tax return. Enter your gift or GST tax payment(s) in Part IV and:

Check this box ☐ if you are requesting a Gift or GST tax return extension.Check this box ☐ if your spouse is requesting a Gift or GST tax return extension.**BAA For Privacy Act and Paperwork Reduction Act Notice, see separate instructions.**Form **4868** (2002)

▲ Detach Here ▲

MAIL FORM 4868 TO:

INTERNAL REVENUE SERVICE
HOLTSVILLE, NY 00501

Form 1040 (2002) NESIM BAHAR

Page 2

Tax and Credits**Standard Deduction for —**

• People who checked any box on line 37a or 37b or who can be claimed as a dependent, see instructions.

• All others:
Single,
\$4,700

Head of household,
\$6,900

Married filing jointly or Qualifying widow(er),
\$7,850

Married filing separately,
\$3,925

36	Amount from line 35 (adjusted gross income).....	36	-644,226.
37a	Check if: <input type="checkbox"/> You were 65/older, <input type="checkbox"/> Blind; <input type="checkbox"/> Spouse was 65/older, <input type="checkbox"/> Blind. Add the number of boxes checked above and enter the total here.....	37a	
b	If you are married filing separately and your spouse itemizes deductions, or you were a dual-status alien, see instructions and check here.....	37b	
38	Itemized deductions (from Schedule A) or your standard deduction (see left margin).....	38	37,605.
39	Subtract line 38 from line 36.....	39	-681,831.
40	If line 36 is \$103,000 or less, multiply \$3,000 by the total number of exemptions claimed on line 6d. If line 36 is over \$103,000, see the worksheet in the instructions.....	40	3,000.
41	Taxable income. Subtract line 40 from line 39. If line 40 is more than line 39, enter -0-.....	41	0.
42	Tax (see instrs). Check if any tax is from a <input type="checkbox"/> Form(s) 8814 b <input type="checkbox"/> Form 4972.....	42	0.
43	Alternative minimum tax (see instructions). Attach Form 6251.....	43	
44	Add lines 42 and 43.....	44	0.
45	Foreign tax credit. Attach Form 1116 if required.....	45	
46	Credit for child and dependent care expenses. Attach Form 2441.....	46	
47	Credit for the elderly or the disabled. Attach Schedule R.....	47	
48	Education credits. Attach Form 8863.....	48	
49	Retirement savings contributions credit. Attach Form 8880.....	49	
50	Child tax credit (see instructions).....	50	
51	Adoption credit. Attach Form 8839.....	51	
52	Credits from: a <input type="checkbox"/> Form 8396 b <input type="checkbox"/> Form 8859.....	52	
53	Other credits. Check applicable box(es): a <input type="checkbox"/> Form 3800 b <input type="checkbox"/> Form 8801 c <input type="checkbox"/> Specify.....	53	
54	Add lines 45 through 53. These are your total credits.....	54	
55	Subtract line 54 from line 44. If line 54 is more than line 44, enter -0-.....	55	0.
56	Self-employment tax. Attach Schedule SE.....	56	
57	Social security and Medicare tax on tip income not reported to employer. Attach Form 4137.....	57	
58	Tax on qualified plans, including IRAs, and other tax-favored accounts. Attach Form 5329 if required.....	58	
59	Advance earned income credit payments from Form(s) W-2.....	59	
60	Household employment taxes. Attach Schedule H.....	60	
61	Add lines 55-60. This is your total tax.....	61	0.

Other Taxes**Payments**

If you have a qualifying child, attach Schedule EIC.

62	Federal income tax withheld from Forms W-2 and 1099.....	62	20,055.
63	2002 estimated tax payments and amount applied from 2001 return.....	63	
64	Earned income credit (EIC).....	64	NO
65	Excess social security and tier 1 RRTA tax withheld (see instructions).....	65	775.
66	Additional child tax credit. Attach Form 8812.....	66	
67	Amount paid with request for extension to file (see instructions).....	67	
68	Other pmts from: a <input type="checkbox"/> Form 2439 b <input type="checkbox"/> Form 4136 c <input type="checkbox"/> Form 8885.....	68	
69	Add lines 62 through 68. These are your total payments.....	69	20,830.

Refund

Direct deposit?
See instructions and fill in 71b, 71c, and 71d.

70	If line 69 is more than line 61, subtract line 61 from line 69. This is the amount you overpaid.....	70	20,830.
71a	Amount of line 70 you want refunded to you.....	71a	20,830.
b	Routing number.....	c	Type: <input checked="" type="checkbox"/> Checking <input type="checkbox"/> Savings
d	Account number.....		
72	Amount of line 70 you want applied to your 2003 estimated tax.....	72	

Amount You Owe

73	Amount you owe. Subtract line 69 from line 61. For details on how to pay, see instructions.....	73	
74	Estimated tax penalty (see instructions).....	74	

Third Party Designee

Do you want to allow another person to discuss this return with the IRS (see instructions)?..... ☒ Yes. Complete the following. ☐ No

Designee's name	PREPARER	Phone no.		Personal identification number (PIN)	
-----------------	----------	-----------	--	--------------------------------------	--

Sign Here

Joint return?
See instructions.

Keep a copy for your records.

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Your signature	Date	Your occupation	Daytime phone number
<i>[Signature]</i>	10/15/03		(212) 371-8188
Spouse's signature. If a joint return, both must sign.	Date	Spouse's occupation	

Paid Preparer's Use Only

Preparer's signature	Date	Check if self-employed	Preparer's SSN or PTIN
<i>[Signature]</i>	10/15/03	<input type="checkbox"/>	
Firm's name (or yours if self-employed) address, and ZIP code	DAVIS GRABER & NASBERG LLP 150 EAST 58TH STREET, 20TH FLOOR NEW YORK, NY 10155		
EIN	13-3797691		
Phone no.	(212) 230-2600		

Form 1040 (2002)

SCHEDULE A

(Form 1040)

Department of the Treasury
Internal Revenue Service (99)

Itemized Deductions

► Attach to Form 1040.
► See Instructions for Schedule A (Form 1040).

2002

07

Name(s) shown on Form 1040

Your social security number

NESIM BAHAR

Medical and Dental Expenses		Caution. Do not include expenses reimbursed or paid by others.			
1	Medical and dental expenses (see instructions)	1		342.	
2	Enter amount from Form 1040, line 36	2	-644,226.		
3	Multiply line 2 by 7.5% (.075)	3			
4	Subtract line 3 from line 1. If line 3 is more than line 1, enter -0-	4		342.	
Taxes You Paid		5	State and local income taxes	8,068.	
		6	Real estate taxes (see instructions)	7,561.	
		7	Personal property taxes		
(See instructions.)	8	Other taxes. List type and amount ►			
	9	Add lines 5 through 8		15,629.	
Interest You Paid		10	Home mtg interest and points reported to you on Form 1098	21,634.	
	11	Home mortgage interest not reported to you on Form 1098. If paid to the person from whom you bought the home, see instructions and show that person's name, identifying number, and address ►			
(See instructions.)					
		11			
Note. Personal interest is not deductible.	12	Points not reported to you on Form 1098. See instrs for spcl rules	12		
	13	Investment interest. Attach Form 4952 if required. (See instrs.)	13		
	14	Add lines 10 through 13	14	21,634.	
Gifts to Charity		15	Gifts by cash or check. If you made any gift of \$250 or more, see instructions		
	16	Other than by cash or check. If any gift of \$250 or more, see instructions. You must attach Form 8283 if over \$500	16		
If you made a gift and got a benefit for it, see instructions.	17	Carryover from prior year	17		
	18	Add lines 15 through 17	18	0.	
Casualty and Theft Losses		19	Casualty or theft loss(es). Attach Form 4684. (See instructions.)	19	0.
Job Expenses and Most Other Miscellaneous Deductions		20	Unreimbursed employee expenses — job travel, union dues, job education, etc. You must attach Form 2106 or 2106-EZ if required. (See instructions.)		
		20			
	21	Tax preparation fees	21		
(See instructions for expenses to deduct here.)	22	Other expenses — investment, safe deposit box, etc. List type and amount ►	22		
		22			
	23	Add lines 20 through 22	23		
	24	Enter amount from Form 1040, line 36	24		
	25	Multiply line 24 by 2% (.02)	25		
	26	Subtract line 25 from line 23. If line 25 is more than line 23, enter -0-	26	0.	
Other Miscellaneous Deductions		27	Other — from list in the instructions. List type and amount ►		
	27		27	0.	
Total Itemized Deductions		28	Is Form 1040, line 36, over \$137,300 (over \$68,650 if MFS)?		
	<input checked="" type="checkbox"/> No.	Your deduction is not limited. Add the amounts in the far right column for lines 4 through 27. Also, enter this amount on Form 1040, line 38.		28	37,605.
	<input type="checkbox"/> Yes.	Your deduction may be limited. See instructions for the amount to enter.			

Name(s) shown on Form 1040.

Your social security number

NESIM BAHAR

Schedule B – Interest and Ordinary Dividends

08

Part I
Interest

(See instructions
for Form 1040,
line 8a.)

Note. If you
received a Form
1099-INT, Form
1099-OID, or
substitute statement
from a brokerage
firm, list the firm's
name as the payer
and enter the total
interest shown on
that form.

1 List name of payer. If any interest is from a seller-financed mortgage and the buyer used the property as a personal residence, see the instructions and list this interest first. Also, show that buyer's social security number and address

120 EAST 90 LLC

400 EAST 51ST ST, LLC

CHASE

KISLEV PARTNERS, L.P.

Amount

10.

1,297.

24.

265.

2 Add the amounts on line 1

1,596.

3 Excludable interest on series EE and I U.S. savings bonds issued after 1989 from Form 8815, line 14. You must attach Form 8815.

4 Subtract line 3 from line 2. Enter the result here and on Form 1040, line 8a.

1,596.

Note. If line 4 is over \$1,500, you must complete Part III.

Part II
Ordinary
Dividends

(See instructions
for Form 1040,
line 9.)

Note. If you
received a Form
1099-DIV or
substitute statement
from a brokerage
firm, list the firm's
name as the payer
and enter the
ordinary dividends
shown on that form.

5 List name of payer. Include only ordinary dividends. If you received any capital gain distributions, see the instructions for Form 1040, line 13.

Amount

6 Add the amounts on line 5. Enter the total here and on Form 1040, line 9.

0.

Note. If line 6 is over \$1,500, you must complete Part III.

Part III
Foreign
Accounts
and
Trusts

(See
instructions.)

You must complete this part if you (a) had over \$1,500 of taxable interest or ordinary dividends; OR (b) had a foreign account; or (c) received a distribution from, or were a grantor of, or a transferor to, a foreign trust.

Yes No

7a At any time during 2002, did you have an interest in or a signature or other authority over a financial account in a foreign country, such as a bank account, securities account, or other financial account? See instructions for exceptions and filing requirements for Form TD F 90-22.1.

X

b If 'Yes,' enter the name of the foreign country.

8 During 2002, did you receive a distribution from, or were you the grantor of, or transferor to, a foreign trust? If 'Yes,' you may have to file Form 3520. See instructions.

X

2002

09

► Partnerships, joint ventures, etc, must file Form 1065 or Form 1065-B.
► Attach to Form 1040 or 1041. ► See instructions for Schedule C (Form 1040).

Name of proprietor

NESIM BAHAR

Social security number (SSN)

B Enter code from instructions

► 531310

D Employer ID number (EIN), if any

A Principal business or profession, including product or service (see instructions)

REAL ESTATE

C Business name. If no separate business name, leave blank.

E Business address (including suite or room no.)
City, town or post office, state, and ZIP codeF Accounting method: (1) ☒ Cash (2) ☐ Accrual (3) ☐ Other (specify) ►G Did you 'materially participate' in the operation of this business during 2002? If 'No,' see instructions for limit on losses. ☒ Yes ☐ No

H If you started or acquired this business during 2002, check here

Part I Income

1	Gross receipts or sales. Caution. If this income was reported to you on Form W-2 and the 'Statutory employee' box on that form was checked, see the instructions and check here. <input type="checkbox"/>	1
2	Returns and allowances.	2
3	Subtract line 2 from line 1.	3
4	Cost of goods sold (from line 42 on page 2).	4
5	Gross profit. Subtract line 4 from line 3.	5
6	Other income, including Federal and state gasoline or fuel tax credit or refund.	6
7	Gross income. Add lines 5 and 6.	7

Part II Expenses. Enter expenses for business use of your home **only** on line 30.

8	Advertising.	8	19	Pension and profit-sharing plans.	19
9	Bad debts from sales or services (see instructions).	9	20	Rent or lease (see instructions):	20a
10	Car and truck expenses (see instructions).	10	a	Vehicles, machinery, and equipment	20b
11	Commissions and fees.	11	b	Other business property	21
12	Depletion.	12	21	Repairs and maintenance.	22
13	Depreciation and section 179 expense deduction (not included in Part III) (see instructions).	13	22	Supplies (not included in Part III).	23
14	Employee benefit programs (other than on line 19).	14	23	Taxes and licenses.	24
15	Insurance (other than health).	15	24	Travel, meals, and entertainment:	24a
16	Interest:	16a	a	Travel.	24b
a	Mortgage (paid to banks, etc).	16b	b	Meals and entertainment.	24c
b	Other.	17	c	Enter nondeductible amount included on line 24b (see instrs).	24d
17	Legal & professional services.	18	d	Subtract line 24c from line 24b.	25
18	Office expense	1,188.	25	Utilities.	26
28	Total expenses before expenses for business use of home. Add lines 8 through 27 in columns.	28	26	Wages (less employment credits).	27
29	Tentative profit (loss). Subtract line 28 from line 7.	29	27	Other expenses (from line 48 on page 2).	3,552.
30	Expenses for business use of your home. Attach Form 8829.	30	28		5,353.
31	Net profit or (loss). Subtract line 30 from line 29.	31	29		-5,353.

• If a profit, enter on **Form 1040, line 12**, and also on **Schedule SE, line 2** (statutory employees, see instructions). Estates and trusts, enter on Form 1041, line 3.

• If a loss, you **must** go to line 32.

32 If you have a loss, check the box that describes your investment in this activity (see instructions).

• If you checked 32a, enter the loss on **Form 1040, line 12**, and also on **Schedule SE, line 2** (statutory employees, see instructions). Estates and trusts, enter on Form 1041, line 3.

• If you checked 32b, you **must** attach **Form 6198**.

32a ☒ All investment is at risk.32b ☐ Some investment is not at risk.

Part III Cost of Goods Sold (see instructions)

33 Method(s) used to value closing inventory a ☐ Cost b ☐ Lower of cost or market c ☐ Other (attach explanation)

34 Was there any change in determining quantities, costs, or valuations between opening and closing inventory? ☐ Yes ☐ No
If 'Yes,' attach explanation

35 Inventory at beginning of year. If different from last year's closing inventory, attach explanation 35

36 Purchases less cost of items withdrawn for personal use 36

37 Cost of labor. Do not include any amounts paid to yourself 37

38 Materials and supplies 38

39 Other costs 39

40 Add lines 35 through 39 40

41 Inventory at end of year 41

42 **Cost of goods sold.** Subtract line 41 from line 40. Enter the result here and on page 1, line 4 42

Part IV Information on Your Vehicle. Complete this part **only** if you are claiming car or truck expenses on line 10 and are not required to file Form 4562 for this business. See the instructions for line 13 to find out if you must file.

43 When did you place your vehicle in service for business purposes? (month, day, year) ▶

44 Of the total number of miles you drove your vehicle during 2002, enter the number of miles you used your vehicle for:
a Business b Commuting c Other

45 Do you (or your spouse) have another vehicle available for personal use? ☐ Yes ☐ No

46 Was your vehicle available for personal use during off-duty hours? ☐ Yes ☐ No

47 a Do you have evidence to support your deduction? ☐ Yes ☐ No
b If 'Yes,' is the evidence written? ☐ Yes ☐ No

Part V Other Expenses. List below business expenses not included on lines 8 – 26 or line 30.

ACCOUNTING	2,250.
BANK CHARGES	191.
DUES AND SUBSCRIPTIONS	188.
INTERNET CONNECTION	199.
MISCELLANEOUS	160.
TELEPHONE	564.
.....	
.....	
48 Total other expenses. Enter here and on page 1, line 27	3,552.

(Form 1040)

Capital Gains and Losses

2002

12

Department of the Treasury
Internal Revenue Service (99)

- Attach to Form 1040. ► See Instructions for Schedule D (Form 1040).
► Use Schedule D-1 to list additional transactions for lines 1 and 8.

Name(s) shown on Form 1040

Your social security number

NESIM BAHAR

Part I Short-Term Capital Gains and Losses — Assets Held One Year or Less

(a) Description of property (Example: 100 shares XYZ Co)	(b) Date acquired (Mo, day, yr)	(c) Date sold (Mo, day, yr)	(d) Sales price (see instructions)	(e) Cost or other basis (see instructions)	(f) Gain or (loss) Subtract (e) from (d)
1					
2 Enter your short-term totals, if any, from Schedule D-1, line 2	2				
3 Total short-term sales price amounts. Add lines 1 and 2 in column (d)	3				
4 Short-term gain from Form 6252 and short-term gain or (loss) from Forms 4684, 6781, and 8824	4				
5 Net short-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1	5				
6 Short-term capital loss carryover. Enter the amount, if any, from line 8 of your 2001 Capital Loss Carryover Worksheet	6				
7 Net short-term capital gain or (loss). Combine lines 1 through 6 in column (f)	7				

Part II Long-Term Capital Gains and Losses — Assets Held More Than One Year

(a) Description of property (Example: 100 shares XYZ Co)	(b) Date acquired (Mo, day, yr)	(c) Date sold (Mo, day, yr)	(d) Sales price (see instructions)	(e) Cost or other basis (see instructions)	(f) Gain or (loss) Subtract (e) from (d)	(g) 28% rate gain or (loss) * (see instructions below)
8						
9 Enter your long-term totals, if any, from Schedule D-1, line 9	9					
10 Total long-term sales price amounts. Add lines 8 and 9 in column (d)	10					
11 Gain from Form 4797, Part I; long-term gain from Forms 2439 and 6252; and long-term gain or (loss) from Forms 4684, 6781, and 8824	11				64,101.	
12 Net long-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1	12					
13 Capital gain distributions. See instrs.	13					
14 Long-term capital loss carryover. Enter in both columns (f) and (g) the amount, if any, from line 13 of your 2001 Capital Loss Carryover Worksheet	14					
15 Combine lines 8 through 14 in column (g)	15					
16 Net long-term capital gain or (loss). Combine lines 8 through 14 in column (f)	16				64,101.	

Next: Go to Part III on page 2.

* 28% rate gain or loss includes all 'collectibles gains and losses' (as defined in the instructions) and up to 50% of the eligible gain on qualified small business stock (see instructions).

BAA For Paperwork Reduction Act Notice, see Form 1040 instructions.

Schedule D (Form 1040) 2002

FDIA0612L 10/25/02

Part III Taxable Gain or Deductible Loss

17 Combine lines 7 and 16 and enter the result. If a loss, go to line 18. If a gain, enter the gain on Form 1040, line 13, and complete Form 1040 through line 41.

17

64,101.

Next: • If both lines 16 and 17 are gains and Form 1040, line 41, is more than zero, complete Part IV below.

• Otherwise, skip the rest of Schedule D and complete Form 1040.

18 If line 17 is a loss, enter here and on Form 1040, line 13, the **smaller** of (a) that loss or (b) (\$3,000) (or, if married filing separately, (\$1,500)). Then complete Form 1040 through line 39.

18

Next: • If the loss on line 17 is more than the loss on line 18 or if Form 1040, line 39, is less than zero, skip **Part IV** below and complete the **Capital Loss Carryover Worksheet** in the instructions before completing the rest of Form 1040.

• Otherwise, skip **Part IV** below and complete the rest of Form 1040.

Part IV Tax Computation Using Maximum Capital Gains Rates

19 Enter your unrecaptured Section 1250 gain, if any, from line 17 of the worksheet in the instructions.

19

If line 15 or line 19 is more than zero, complete the worksheet in the instructions to figure the amount to enter on lines 22, 29, and 40 below, and skip all other lines below. Otherwise, go to line 20.

20 Enter your taxable income from Form 1040, line 41.

20

21 Enter the **smaller** of line 16 or line 17 of Schedule D.

21

22 If you are deducting investment interest expense on Form 4952, enter the amount from Form 4952, line 4e. Otherwise, enter -0-.

22

23 Subtract line 22 from line 21. If zero or less, enter -0-.

23

24 Subtract line 23 from line 20. If zero or less, enter -0-.

24

25 Figure the tax on the amount on line 24. Use the Tax Table or Tax Rate Schedules, whichever applies.

25

26 Enter the **smaller** of:

- The amount on line 20 or
- \$46,700 if married filing jointly or qualifying widow(er);
- \$27,950 if single;
- \$37,450 if head of household; or
- \$23,350 if married filing separately

26

If line 26 is greater than line 24, go to line 27. Otherwise, skip lines 27 through 33 and go to line 34.

27 Enter the amount from line 24.

27

28 Subtract line 27 from line 26. If zero or less, enter -0- and go to line 34.

28

29 Enter your qualified 5-year gain, if any, from line 8 of the worksheet in the instructions.

29

30 Enter the **smaller** of line 28 or line 29.

30

31 Multiply line 30 by 8% (.08).

31

32 Subtract line 30 from line 28.

32

33 Multiply line 32 by 10% (.10).

33

If the amounts on lines 23 and 28 are the same, skip lines 34 through 37 and go to line 38.

34 Enter the **smaller** of line 20 or line 23.

34

35 Enter the amount from line 28 (if line 28 is blank, enter -0-).

35

36 Subtract line 35 from line 34.

36

37 Multiply line 36 by 20% (.20).

37

38 Add lines 25, 31, 33, and 37.

38

39 Figure the tax on the amount on line 20. Use the Tax Table or Tax Rate Schedules, whichever applies.

39

40 Tax on all taxable income (including capital gains). Enter the **smaller** of line 38 or line 39 here and on Form 1040, line 42.

40

BAA

Schedule D (Form 1040) 2002

Name(s) shown on return. Do not enter name and social security number if shown on Page 1.

Your social security number

NESIM BAHAR

Note. If you report amounts from farming or fishing on Schedule E, you must enter your gross income from those activities on line 41 below. Real estate professionals must complete line 42 below.

Part I Income or Loss From Partnerships and S Corporations

Note. If you report a loss from an at-risk activity, you must check either column (e) or (f) on line 27 to describe your investment in the activity. See instructions. If you check column (f), you must attach Form 6198.

27	(a) Name	(b) Enter P for partnership; S for S corporation	(c) Check if foreign partnership	(d) Employer identification number	Investment At Risk? (e) All is at risk (f) Some is not at risk
A	SEE STATEMENT 2				
B					
C					
D					
E					

Passive Income and Loss			Nonpassive Income and Loss		
(g) Passive loss allowed (attach Form 8582 if required)	(h) Passive income from Schedule K-1	(i) Nonpassive loss from Schedule K-1	(j) Section 179 expense deduction from Form 4562	(k) Nonpassive income from Schedule K-1	
A					
B					
C					
D					
E					
28a Totals.....					4,278.
b Totals.....		79,576.			
29 Add columns (h) and (k) of line 28a.....			29		4,278.
30 Add columns (g), (i), and (j) of line 28b.....			30		-79,576.
31 Total partnership and S corporation income or (loss). Combine lines 29 and 30. Enter the result here and include in the total on line 40 below.....			31		-75,298.

Part II Income or Loss From Estates and Trusts

32	(a) Name	(b) Employer ID no.
A		
B		
Passive Income and Loss		Nonpassive Income and Loss
(c) Passive deduction or loss allowed (attach Form 8582 if required)	(d) Passive income from Schedule K-1	(e) Deduction or loss from Schedule K-1 (f) Other income from Schedule K-1
A		
B		
33a Totals.....		
b Totals.....		
34 Add columns (d) and (f) of line 33a.....		34
35 Add columns (c) and (e) of line 33b.....		35
36 Total estate and trust income or (loss). Combine lines 34 and 35. Enter the result here and include in the total on line 40 below.....		36

Part III Income or Loss From Real Estate Mortgage Investment Conduits (REMICs) – Residual Holder

37	(a) Name	(b) Employer identification number	(c) Excess inclusion from Schedules Q, line 2c (see instructions)	(d) Taxable income (net loss) from Schedules Q, line 1b	(e) Income from Schedules Q, line 3b
38	Combine columns (d) and (e) only. Enter the result here and include in the total on line 40 below.....				38

Part IV Summary

39	Net farm rental income or (loss) from Form 4835. Also, complete line 41 below.....	39	
40	Total income or (loss). Combine lines 26, 31, 36, 38, and 39. Enter the result here and on Form 1040, line 17.....	40	-75,298.
41	Reconciliation of Farming and Fishing Income. Enter your gross farming and fishing income reported on Form 4835, line 7; Schedule K-1 (Form 1065), line 15b; Schedule K-1 (Form 1120S), line 23; and Schedule K-1 (Form 1041), line 14 (see instructions).....	41	
42	Reconciliation for Real Estate Professionals. If you were a real estate professional (see instructions), enter the net income or (loss) you reported anywhere on Form 1040 from all rental real estate activities in which you materially participated under the passive activity loss rules.....	42	-11,197.

BAA

FDI2302L 07/24/02

Schedule E (Form 1040) 2002

Form **4797****Sales of Business Property**(Also Involuntary Conversions and Recapture Amounts
Under Sections 179 and 280F(b)(2))

▶ Attach to your tax return. ▶ See separate instructions.

OMB No. 1545-0184

2002

27

Department of the Treasury
Internal Revenue Service (99)

Name(s) shown on return

Identifying number

NESIM BAHAR

- 1 Enter the gross proceeds from sales or exchanges reported to you for 2002 on Form(s) 1099-B or 1099-S (or substitute statement) that you are including on line 2, 10, or 20 (see instructions)

1

Part I Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions From Other Than Casualty or Theft – Most Property Held More Than 1 Year (See instructions.)

2	(a) Description of property	(b) Date acquired (month, day, year)	(c) Date sold (month, day, year)	(d) Gross sales price	(e) Depreciation allowed or allowable since acquisition	(f) Cost or other basis, plus improvements and expense of sale	(g) Gain or (loss) Subtract (f) from the sum of (d) and (e)
	FROM K-1						64,101.
3	Gain, if any, from Form 4684, line 39.						3
4	Section 1231 gain from installment sales from Form 6252, line 26 or 37.						4
5	Section 1231 gain or (loss) from like-kind exchanges from Form 8824.						5
6	Gain, if any, from line 32, from other than casualty or theft.						6
7	Combine lines 2 through 6. Enter the gain or (loss) here and on the appropriate line as follows.						7 64,101.
Partnerships (except electing large partnerships) and S corporations. Report the gain or (loss) following the instructions for Form 1065, Schedule K, line 6, or Form 1120S, Schedule K, line 5. Skip lines 8, 9, 11, and 12 below.							
All others. If line 7 is zero or a loss, enter the amount from line 7 on line 11 below and skip lines 8 and 9. If line 7 is a gain and you did not have any prior year section 1231 losses, or they were recaptured in an earlier year, enter the gain from line 7 as a long-term capital gain on Schedule D and skip lines 8, 9, 11, and 12 below.							
8	Nonrecaptured net section 1231 losses from prior years (see instructions).						8
9	Subtract line 8 from line 7. If zero or less, enter -0-. If line 9 is zero, enter the gain from line 7 on line 12 below. If line 9 is more than zero, enter the amount from line 8 on line 12 below and enter the gain from line 9 as a long-term capital gain on Schedule D (see instructions).						9

Part II Ordinary Gains and Losses

- 10 Ordinary gains and losses not included on lines 11 through 17 (include property held 1 year or less):

11	Loss, if any, from line 7.					11
12	Gain, if any, from line 7 or amount from line 8, if applicable.					12
13	Gain, if any, from line 31.					13
14	Net gain or (loss) from Form 4684, lines 31 and 38a.					14
15	Ordinary gain from installment sales from Form 6252, line 25 or 36.					15
16	Ordinary gain or (loss) from like-kind exchanges from Form 8824.					16
17	Recapture of section 179 expense deduction for partners and S corporation shareholders from property dispositions by partnerships and S corporations (see instructions).					17
18	Combine lines 10 through 17. Enter the gain or (loss) here and on the appropriate line as follows.					18
a For all except individual returns. Enter the gain or (loss) from line 18 on the return being filed.						
b For individual returns:						
(1) If the loss on line 11 includes a loss from Form 4684, line 35, column (b)(ii), enter that part of the loss here. Enter the part of the loss from income-producing property on Schedule A (Form 1040), line 27, and the part of the loss from property used as an employee on Schedule A (Form 1040), line 22. Identify as from 'Form 4797, line 18b(1). See instructions.						
						18b (1)
(2) Redetermine the gain or (loss) on line 18 excluding the loss, if any, on line 18b(1). Enter here and on Form 1040, line 14.						
						18b (2)

BAA For Paperwork Reduction Act Notice, see instructions.

Form 4797 (2002)

2002

FEDERAL STATEMENTS

PAGE 1

CLIENT 7423-01

NESIM BAHAR

10/15/03

10:54AM

STATEMENT 1
FORM 1040, LINE 21
OTHER INCOME

LOSS ON SECTION 988.....	\$	-655,188.
NET OPERATING LOSS CARRYOVER.....		-74,084.
TOTAL	\$	<u>-729,272.</u>

2002

FEDERAL STATEMENTS

PAGE 2

CLIENT 7423-01

NESIM BAHAR

10/15/03

10:54AM

STATEMENT 2
 SCHEDULE E, PAGE 2
 PART II - INCOME OR LOSS FROM PARTNERSHIPS AND S CORPORATIONS

NAME	TYPE	X IF FOREIGN	EMPLOYER I.D. NO.	ALL INVEST. AT RISK	SOME INVEST. AT RISK	PTP	PASSIVE LOSS FROM FORM 8582	PASSIVE INC. FROM SCH. K-1	NONPASSIVE LOSS FROM SCH. K-1	SECTION 179 DEDUCTION	NONPASSIVE INCOME FROM K-1
KISLEV PARTNERS, L.P.	P		98-0174122	X					\$ 391.		
400 EAST 51ST ST, LLC	P		13-4070755	X					1,464.		
351 EAST 54 LLC	P		13-4072986	X					265.		
120 EAST 90 LLC	P		13-4026408	X					7,189.		
890 FIRST LLC	P		26-0003452	X					18,024.		
201 EAST 25 LLC	P		04-3698001								\$ 4,278.
200 EAST 27 LLC	P		04-3697991	X					52,243.		
TOTAL							\$ 0.	\$ 0.	\$ 79,576.	\$ 0.	\$ 4,278.

2002

GENERAL ELECTIONS

PAGE 1

CLIENT 7423-01

NESIM BAHAR

10/15/03

10:54AM

ELECTION TO WAIVE NET OPERATING LOSS CARRYBACK

PURSUANT TO IRC SECTION 172(B)(3), THE TAXPAYER HEREBY ELECTS TO RELINQUISH THE ENTIRE CARRYBACK PERIOD WITH RESPECT TO THE NET OPERATING LOSS INCURRED FOR THE TAX YEAR ENDED 12/31/02.

EXHIBIT C

(Part 3 of 4)

0822129896508

Form **1040**

Department of the Treasury — Internal Revenue Service

U.S. Individual Income Tax Return 2003

(99) IRS Use Only — Do not write or staple in this space.

Label
(See instructions.)**Use the IRS label.**
Otherwise, please print or type.**Presidential Election Campaign**
(See instructions.)

For the year Jan 1 - Dec 31, 2003, or other tax year beginning , 2003, ending , 20		OMB No. 1545-0074
Your first name	MI	Last name
NESIM BAHAR		Your social security number
If a joint return, spouse's first name		MI
		Last name
		Spouse's social security number
Home address (number and street). If you have a P.O. box, see instructions.		Apartment no.
City, town or post office. If you have a foreign address, see instructions.		State ZIP code
NEW YORK, NY 10014		

▲ Important! ▲
You **must** enter your social security number(s) above.

Note: Checking 'Yes' will not change your tax or reduce your refund. Do you, or your spouse if filing a joint return, want \$3 to go to this fund? You ☐ Yes ☒ No Spouse ☐ Yes ☐ No

Filing Status

Check only one box.

1 <input checked="" type="checkbox"/> Single	4 <input type="checkbox"/> Head of household (with qualifying person). (See instructions.) If the qualifying person is a child but not your dependent, enter this child's name here.
2 <input type="checkbox"/> Married filing jointly (even if only one had income)	
3 <input type="checkbox"/> Married filing separately. Enter spouse's SSN above & full name here.	5 <input type="checkbox"/> Qualifying widow(er) with dependent child. (See instructions.)

Exemptions

If more than five dependents, see instructions.

6a <input checked="" type="checkbox"/> Yourself. If your parent (or someone else) can claim you as a dependent on his or her tax return, do not check box 6a.	No. of boxes checked on 6a and 6b.																																				
b <input type="checkbox"/> Spouse.	No. of children on 6c who:																																				
<table border="1"> <thead> <tr> <th>(1) First name</th> <th>Last name</th> <th>(2) Dependent's social security number</th> <th>(3) Dependent's relationship to you</th> <th>(4) <input checked="" type="checkbox"/> if qualifying child for child tax credit (see instrs)</th> <th> <input type="checkbox"/> lived with you. . . . <input type="checkbox"/> did not live with you due to divorce or separation (see instrs). . . <input type="checkbox"/> Dependents on 6c not entered above. </th> </tr> </thead> <tbody> <tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr> </tbody> </table>		(1) First name	Last name	(2) Dependent's social security number	(3) Dependent's relationship to you	(4) <input checked="" type="checkbox"/> if qualifying child for child tax credit (see instrs)	<input type="checkbox"/> lived with you. . . . <input type="checkbox"/> did not live with you due to divorce or separation (see instrs). . . <input type="checkbox"/> Dependents on 6c not entered above.																														
(1) First name	Last name	(2) Dependent's social security number	(3) Dependent's relationship to you	(4) <input checked="" type="checkbox"/> if qualifying child for child tax credit (see instrs)	<input type="checkbox"/> lived with you. . . . <input type="checkbox"/> did not live with you due to divorce or separation (see instrs). . . <input type="checkbox"/> Dependents on 6c not entered above.																																
d Total number of exemptions claimed	Add numbers on lines above																																				

Income**Attach Forms W-2 and W-2G here. Also attach Form(s) 1099-R if tax was withheld.**

If you did not get a W-2, see instructions.

Enclose, but do not attach, any payment. Also, please use Form 1040-V.

7 Wages, salaries, tips, etc. Attach Form(s) W-2	7	94,792.
8a Taxable interest. Attach Schedule B if required.	8a	630.
b Tax-exempt interest. Do not include on line 8a	8b	
9a Ordinary dividends. Attach Schedule B if required	9a	
b Qualifd divs (see instrs).	9b	
10 Taxable refunds, credits, or offsets of state and local income taxes (see instructions).	10	
11 Alimony received.	11	
12 Business income or (loss). Attach Schedule C or C-EZ.	12	845.
13a Capital gain or (loss). Att Sch D if reqd. If not reqd, ck here.	13a	321,831.
b If box on 13a is checked, enter post-May 5 capital gain distributions.	13b	
14 Other gains or (losses). Attach Form 4797.	14	
15a IRA distributions.	15a	
b Taxable amount (see instrs)	15b	
16a Pensions and annuities	16a	
b Taxable amount (see instrs)	16b	
17 Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E.	17	3,596,613.
18 Farm income or (loss). Attach Schedule F.	18	
19 Unemployment compensation.	19	
20a Social security benefits.	20a	
b Taxable amount (see instrs)	20b	
21 Other income <u>SEE STATEMENT 2</u>	21	-4,737,147.
22 Add the amounts in the far right column for lines 7 through 21. This is your total income . ▶	22	-722,436.

Adjusted Gross Income

IRS RECEIVED
FBI BANK 16
OCT 19 2004
Indover SPC, Andover, MA

23 Educator expenses (see instructions).	23	
24 IRA deduction (see instructions).	24	
25 Student loan interest deduction (see instructions).	25	
26 Tuition and fees deduction (see instructions).	26	
27 Moving expenses. Attach Form 3903	27	
28 One-half of self-employment tax. Attach Schedule SE.	28	12.
29 Self-employed health insurance deduction (see instrs).	29	
30 Self-employed SEP, SIMPLE, and qualified plans.	30	
31 Penalty on early withdrawal of savings.	31	
32a Alimony paid b Recipient's SSN	32a	
33 Add lines 23 through 32a.	33	12.
34 Subtract line 33 from line 22. This is your adjusted gross income . ▶	34	-722,448.

Form 1040 (2003)

NESIM BAHAR

Page 2

Tax and Credits**Standard Deduction for —**

• People who checked any box on line 36a or 36b or who can be claimed as a dependent, see instructions.

• All others: Single or Married filing separately, \$4,750

Married filing jointly or Qualifying widow(er), \$9,500

Head of household, \$7,000

35 Amount from line 34 (adjusted gross income) 35 -122,448.

36a Check ☐ You were born before January 2, 1939, ☐ Blind. Total boxes checked ☐ 36a ☐ Spouse was born before January 2, 1939, ☐ Blind.b If you are married filing separately and your spouse itemizes deductions, or you were a dual-status alien, see instructions and check here ☐ 36b ☐

37 Itemized deductions (from Schedule A) or your standard deduction (see left margin) 37 36,613.

38 Subtract line 37 from line 35. 38 -759,061.

39 If line 35 is \$104,625 or less, multiply \$3,050 by the total number of exemptions claimed on line 6d. If line 35 is over \$104,625, see the worksheet in the instructions 39 3,050.

40 Taxable income. Subtract line 39 from line 38. If line 39 is more than line 38, enter -0- 40 0.

41 Tax (see instrs). Check if any tax is from a ☐ Form(s) 8814 b ☐ Form 4972. 41 0.

42 Alternative minimum tax (see instructions). Attach Form 6251. 42

43 Add lines 41 and 42 43 0.

44 Foreign tax credit. Attach Form 1116 if required. 44

45 Credit for child and dependent care expenses. Attach Form 2441 45

46 Credit for the elderly or the disabled. Attach Schedule R. 46

47 Education credits. Attach Form 8863 47

48 Retirement savings contributions credit. Attach Form 8880. 48

49 Child tax credit (see instructions). 49

50 Adoption credit. Attach Form 8839 50

51 Credits from: a ☐ Form 8396 b ☐ Form 8859 5152 Other credits. Check applicable box(es): a ☐ Form 3800 52b ☐ Form 8801 c ☐ Specify

53 Add lines 44 through 52. These are your total credits 53

54 Subtract line 53 from line 43. If line 53 is more than line 43, enter -0- 54 0.

55 Self-employment tax. Attach Schedule SE. 55 23.

56 Social security and Medicare tax on tip income not reported to employer. Attach Form 4137. 56

57 Tax on qualified plans, including IRAs, and other tax-favored accounts. Attach Form 5329 if required. 57

58 Advance earned income credit payments from Form(s) W-2 58

59 Household employment taxes. Attach Schedule H 59

60 Add lines 54-59. This is your total tax 60 23.

Other Taxes**Payments**

If you have a qualifying child, attach Schedule EIC.

61 Federal income tax withheld from Forms W-2 and 1099. 61

62 2003 estimated tax payments and amount applied from 2002 return. 62

63 Earned income credit (EIC). 63

64 Excess social security and tier 1 RRTA tax withheld (see instructions) 64

65 Additional child tax credit. Attach Form 8812 65

66 Amount paid with request for extension to file (see instructions) 66

67 Other pmts from: a ☐ Form 2439 b ☐ Form 4136 c ☐ Form 8885 67

68 Add lines 61 through 67. These are your total payments 68 0.

Refund

Direct deposit? See instructions and fill in 70b, 70c, and 70d.

69 If line 68 is more than line 60, subtract line 60 from line 68. This is the amount you overpaid. 69

70a Amount of line 69 you want refunded to you 70a

b Routing number ☐ c Type: ☐ Checking ☐ Savings

d Account number

71 Amount of line 69 you want applied to your 2004 estimated tax 71

Amount You Owe

72 Amount you owe. Subtract line 68 from line 60. For details on how to pay, see instructions. 72 23.

73 Estimated tax penalty (see instructions). 73

Third Party DesigneeDo you want to allow another person to discuss this return with the IRS (see instructions)? ☒ Yes. Complete the following. ☐ No

Designee's name

PREPARER

Phone no.

Personal identification number (PIN)

Sign Here

Joint return? See instructions.

Keep a copy for your records.

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Your signature

Date

Your occupation

Daytime phone number

Spouse's signature. If a joint return, both must sign.

Date

Spouse's occupation

Preparer's signature

Date

Check if self-employed ☐

Preparer's SSN or PTIN

Paid Preparer's Use Only

Firm's name (or yours if self-employed) address, and ZIP code

DAVIS GRABER PLOTZKER & WARD LLP

150 EAST 58TH STREET, 20TH FLOOR

NEW YORK, NY 10155

EIN 20-0494412

Phone no. (212) 230-2600

Form 1040 (2003)

Form **2688****Application for Additional Extension of Time to File
U.S. Individual Income Tax Return**

OMB No. 1545-0066

2003Department of the Treasury
Internal Revenue Service► See instructions.
► You must complete all items that apply to you.Please type
or print.

Your first name

MI

Last name

NESIM BAHAR

Your social security number

File by the due
date for filing
your return.

If a joint return, spouse's first name

MI

Last name

Spouse's social security number

Home address (number and street)

City, town or post office

State

ZIP Code

NEW YORK, NY 10014

Please fill in the Return Label at the bottom of this page.

1 I request an extension of time until 10/15/2004, to file Form 1040EZ, Form 1040A, Form 1040, Form 1040NR-EZ, or Form 1040NR for the calendar year 2003, or other tax year ending _____.

2 Explain why you need an extension. You must give an adequate explanation. _____ ►

TAXPAYER RESPECTFULLY REQUESTS ADDITIONAL TIME TO GATHER INFORMATION NECESSARY TO
FILE A COMPLETE AND ACCURATE TAX RETURN.3 Have you filed Form 4868 to request an automatic extension of time to file for this tax year? ☒ Yes ☐ No

If you checked 'No,' we will grant your extension only for undue hardship. Fully explain the hardship in item 2. Attach any information you have that helps explain the hardship.

If you expect to file a gift or generation-skipping transfer (GST) tax return, complete line 4.

4 If you or your spouse plan to file a gift or GST tax return (Form 709 or 709-A) for 2003, generally due by April 15, 2004, see the instructions and check here _____

Yourself _____ ►

Spouse _____ ►

Signature and Verification

Under penalties of perjury, I declare that I have examined this form, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete; and, if prepared by someone other than the taxpayer, that I am authorized to prepare this form.

Signature of taxpayer ► _____

Date ► _____

Signature of spouse ► _____

Date ► _____

(if filing jointly, **both** must sign even if only one had income)Signature of preparer
other than taxpayer ► _____

Date ► _____

Please fill in the **Return Label** below with your name, address, and social security number. The IRS will complete the **Notice to Applicant** and return it to you. If you want it sent to another address or to an agent acting for you, enter the other address and add the agent's name.

(Do not detach)

**Notice to
Applicant****To Be
Completed
by the IRS**☐
☐We **have** approved your application.We **have not** approved your application.

However, we have granted a 10-day grace period to _____. This grace period is considered a valid extension of time for elections otherwise required to be made on a timely return.

☐We **have not** approved your application. After considering the information you provided in item 2 above, we cannot grant your request for an extension of time to file. We are not granting a 10-day grace period.☐

We cannot consider your application because it was filed after the due date of your return.

☐

Other _____

Director _____

Date _____

**Return
Label**
(Please
type or
print)

Taxpayer's name (and agent's name, if applicable). If a joint return, also give spouse's name.

NESIM BAHAR

DAVIS GRABER PLOTZKER & WARD LLP

Number and street (include suite, room, or apt no.) or P.O. box number

City, town or post office

NEW YORK, NY 10155

State

ZIP Code

Taxpayer's social security number

Spouse's social security number

Agents:

Always include taxpayer's name on return label.

Form 4868 Department of the Treasury Internal Revenue Service	Application for Automatic Extension of Time To File U.S. Individual Income Tax Return	OMB No. 1545-0188 2003
For calendar year 2003, or other tax year beginning		, 2003, ending
Part I Identification		
1 Your name(s) (see instructions) NESIM BAHAR DAVIS GRABER PLOTZKER & WARD LLP Address (see instructions) City, town or post office NEW YORK, NY 10155 State ZIP code 2 Your social security number 3 Spouse's social security number		
Part II Complete ONLY If Filing Gift/GST Tax Return		
Caution: Only for gift/GST tax extension! Checking box(es) may result in correspondence if Form 709 or 709-A is not filed. This form also extends the time for filing a gift or generation-skipping transfer (GST) tax return if you file a calendar (not fiscal) year income tax return. Enter your gift or GST tax payment(s) in Part IV and: If you are requesting a Gift or GST tax return extension, check this box. <input type="checkbox"/> If your spouse is requesting a Gift or GST tax return extension, check this box. <input type="checkbox"/>		
Part III Individual Income Tax		
4 Estimate of total tax liability for 2003 \$ 23. 5 Total 2003 payments 0. 6 Balance due. Subtract 5 from 4... 23.		
Part IV Gift/GST Tax — If you are not filing a gift or GST tax return, go to Part V now. See the instructions. Your gift or GST tax payment.... \$ 8 Your spouse's gift/GST tax payment.....		
Part V Total		
9 Total liability. Add lines 6, 7, and 8. \$ 23. 10 Amount you are paying..... 23.		
Confirmation Number If you file electronically, you will receive a confirmation number telling you that your Form 4868 has been accepted. Enter the confirmation number here and keep it for your records.		
BAA For Privacy Act and Paperwork Reduction Act Notice, see separate instructions. Form 4868 (2003)		

▲ Detach Here ▲

MAKE YOUR CHECK PAYABLE TO THE "UNITED STATES TREASURY"
AND MAIL FORM 4868 WITH YOUR PAYMENT TO:

INTERNAL REVENUE SERVICE
P.O. BOX 37003
HARTFORD, CT 06176-0003

SCHEDULE A
(Form 1040)**Itemized Deductions**

OMB No. 1545-0074

2003**07**Department of the Treasury
Internal Revenue Service (99)▶ Attach to Form 1040.
▶ See Instructions for Schedule A (Form 1040).

Name(s) shown on Form 1040

Your social security number

NESIM BAHAR

Medical and Dental Expenses		Caution. Do not include expenses reimbursed or paid by others.			
1	Medical and dental expenses (see instructions)	1	4,049.		
2	Enter amount from Form 1040, line 35	2	-722,448.		
3	Multiply line 2 by 7.5% (.075)	3			
4	Subtract line 3 from line 1. If line 3 is more than line 1, enter -0-	4			4,049.
Taxes You Paid		5	34.		
	6 Real estate taxes (see instructions)	6	10,381.		
	7 Personal property taxes	7			
(See instructions.)	8 Other taxes. List type and amount ▶	8			
9	Add lines 5 through 8	9			10,415.
Interest You Paid		10	22,149.		
	11 Home mortgage interest not reported to you on Form 1098. If paid to the person from whom you bought the home, see instructions and show that person's name, identifying number, and address ▶	11			
(See instructions.)					
		11			
Note. Personal interest is not deductible.	12 Points not reported to you on Form 1098. See instrs for spcl rules	12			
	13 Investment interest. Attach Form 4952 if required. (See instrs.)	13			
	14 Add lines 10 through 13	14			22,149.
Gifts to Charity		15	1,471.		
	16 Other than by cash or check. If any gift of \$250 or more, see instructions. You must attach Form 8283 if over \$500.	16			
If you made a gift and got a benefit for it, see instructions.	17 Carryover from prior year	17			
	18 Add lines 15 through 17	18	-1,471.		0.
Casualty and Theft Losses		19			0.
	19 Casualty or theft loss(es). Attach Form 4684. (See instructions.)	19			0.
Job Expenses and Most Other Miscellaneous Deductions		20			
	20 Unreimbursed employee expenses — job travel, union dues, job education, etc. Attach Form 2106 or 2106-EZ if required. (See instructions.) ▶	20			
	21 Tax preparation fees	21			
(See instructions.)	22 Other expenses — investment, safe deposit box, etc. List type and amount ▶	22			
	23 Add lines 20 through 22	23			
	24 Enter amount from Form 1040, line 35	24			
	25 Multiply line 24 by 2% (.02)	25			
	26 Subtract line 25 from line 23. If line 25 is more than line 23, enter -0-	26			0.
Other Miscellaneous Deductions		27			0.
	27 Other — from list in the instructions. List type and amount ▶	27			0.
Total Itemized Deductions		28			
	28 Is Form 1040, line 35, over \$139,500 (over \$69,750 if MFS)?	28			
	<input checked="" type="checkbox"/> No. Your deduction is not limited. Add the amounts in the far right column for lines 4 through 27. Also, enter this amount on Form 1040, line 37.				36,613.
	<input type="checkbox"/> Yes. Your deduction may be limited. See instructions for the amount to enter.				

Schedule A & B (Form 1040) 2003

OMB No. 1545-0074

Page 2

Name(s) shown on Form 1040.

Your social security number

NESIM BAHAR

Schedule B – Interest and Ordinary Dividends

08

**Part I
Interest**(See instructions
for Form 1040,
line 8a.)**Note.** If you
received a Form
1099-INT, Form
1099-OID, or
substitute statement
from a brokerage
firm, list the firm's
name as the payer
and enter the total
interest shown on
that form.

- 1 List name of payer. If any interest is from a seller-financed mortgage and the buyer used the property as a personal residence, see the instructions and list this interest first. Also, show that buyer's social security number and address

KISLEV PARTNERS, L.P.

400 EAST 51ST ST, LLC

120 EAST 90 LLC

205 EAST 45 LLC

Amount

603.

1.

10.

16.

- 2 Add the amounts on line 1
-
- 3 Excludable interest on series EE and I U.S. savings bonds issued after 1989. Attach Form 8815.
-
- 4 Subtract line 3 from line 2. Enter the result here and on Form 1040, line 8a.

2 630.

3

4 630.

Note. If line 4 is over \$1,500, you must complete Part III.

Amount

**Part II
Ordinary
Dividends**(See
instructions for
Form 1040,
line 9a.)**Note.** If you
received a Form
1099-DIV or
substitute statement
from a brokerage
firm, list the firm's
name as the payer
and enter the
ordinary dividends
shown on that form.

- 5 List name of payer

5

- 6 Add the amounts on line 5. Enter the total here and on Form 1040, line 9a.

6 0.

Note. If line 6 is over \$1,500, you must complete Part III.**Part III
Foreign
Accounts
and
Trusts**(See
instructions.)

You must complete this part if you (a) had over \$1,500 of taxable interest or ordinary dividends; or (b) had a foreign account; or (c) received a distribution from, or were a grantor of, or a transferor to, a foreign trust.

Yes No

- 7a At any time during 2003, did you have an interest in or a signature or other authority over a financial account in a foreign country, such as a bank account, securities account, or other financial account? See instructions for exceptions and filing requirements for Form TD F 90-22.1

X

- b If 'Yes,' enter the name of the foreign country

- 8 During 2003, did you receive a distribution from, or were you the grantor of, or transferor to, a foreign trust? If 'Yes,' you may have to file Form 3520. See instructions

X

BAA For Paperwork Reduction Act Notice, see Form 1040 instructions.

FDIA0401L 10/16/03

Schedule B (Form 1040) 2003

SCHEDULE C
(Form 1040)**Profit or Loss From Business**
(Sole Proprietorship)

OMB No. 1545-0074

2003
09Department of the Treasury
Internal Revenue Service (99)

► Partnerships, joint ventures, etc., must file Form 1065 or 1065-B.
 ► Attach to Form 1040 or 1041. ► See Instructions for Schedule C (Form 1040).

Name of proprietor

NESIM BAHAR

Social security number (SSN)

B Enter code from instructions

► 531310

C Business name. If no separate business name, leave blank.

D Employer ID number (EIN), if any

E Business address (including suite or room no.)
City, town or post office, state, and ZIP codeF Accounting method: (1) ☒ Cash (2) ☐ Accrual (3) ☐ Other (specify) ►G Did you 'materially participate' in the operation of this business during 2003? If 'No,' see instructions for limit on losses. ... ☒ Yes ☐ No

H If you started or acquired this business during 2003, check here

Part I Income

1	Gross receipts or sales. Caution. If this income was reported to you on Form W-2 and the 'Statutory employee' box on that form was checked, see the instructions and check here.	<input type="checkbox"/>	1	10,020.
2	Returns and allowances		2	
3	Subtract line 2 from line 1.		3	10,020.
4	Cost of goods sold (from line 42 on page 2).		4	
5	Gross profit. Subtract line 4 from line 3		5	10,020.
6	Other income, including Federal and state gasoline or fuel tax credit or refund		6	
7	Gross income. Add lines 5 and 6.		7	10,020.

Part II Expenses. Enter expenses for business use of your home **only** on line 30.

8	Advertising.	8		19	Pension and profit-sharing plans.	19	
9	Car and truck expenses (see instructions)	9		20	Rent or lease (see instructions):		
10	Commissions and fees	10		a	Vehicles, machinery, and equipment.	20a	
11	Contract labor (see instructions)	11		b	Other business property.	20b	
12	Depletion	12		21	Repairs and maintenance	21	
13	Depreciation and section 179 expense deduction (not included in Part III) (see instructions)	13	3,180.	22	Supplies (not included in Part III)	22	
14	Employee benefit programs (other than on line 19)	14		23	Taxes and licenses.	23	
15	Insurance (other than health).	15		24	Travel, meals, and entertainment:		
16	Interest:			a	Travel.	24a	781.
a	Mortgage (paid to banks, etc).	16a		b	Meals and entertainment.		1,246.
b	Other	16b	106.	c	Enter nondeductible amount included on line 24b (see instrs) ..		623.
17	Legal & professional services ..	17		d	Subtract line 24c from line 24b.	24d	623.
18	Office expense	18	181.	25	Utilities.	25	
28	Total expenses before expenses for business use of home. Add lines 8 through 27 in columns.			26	Wages (less employment credits)	26	
29	Tentative profit (loss). Subtract line 28 from line 7.			27	Other expenses (from line 48 on page 2).	27	4,304.
30	Expenses for business use of your home. Attach Form 8829			28		28	9,175.
31	Net profit or (loss). Subtract line 30 from line 29.			29		29	845.
	<ul style="list-style-type: none"> • If a profit, enter on Form 1040, line 12, and also on Schedule SE, line 2 (statutory employees, see instructions). Estates and trusts, enter on Form 1041, line 3. • If a loss, you must go to line 32. 			30		30	
32	If you have a loss, check the box that describes your investment in this activity (see instructions).			31		31	845.
	<ul style="list-style-type: none"> • If you checked 32a, enter the loss on Form 1040, line 12, and also on Schedule SE, line 2 (statutory employees, see instructions). Estates and trusts, enter on Form 1041, line 3. • If you checked 32b, you must attach Form 6198. 						

32a ☐ All investment is at risk.32b ☐ Some investment is not at risk.

BAA For Paperwork Reduction Act Notice, see Form 1040 instructions.

FDIZ0112L 10/14/03

Schedule C (Form 1040) 2003

Part III Cost of Goods Sold (see instructions)

33	Method(s) used to value closing inventory: a <input type="checkbox"/> Cost b <input type="checkbox"/> Lower of cost or market c <input type="checkbox"/> Other (attach explanation)	
34	Was there any change in determining quantities, costs, or valuations between opening and closing inventory? If 'Yes,' attach explanation.	<input type="checkbox"/> Yes <input type="checkbox"/> No
35	Inventory at beginning of year. If different from last year's closing inventory, attach explanation	35
36	Purchases less cost of items withdrawn for personal use	36
37	Cost of labor. Do not include any amounts paid to yourself	37
38	Materials and supplies	38
39	Other costs	39
40	Add lines 35 through 39	40
41	Inventory at end of year	41
42	Cost of goods sold. Subtract line 41 from line 40. Enter the result here and on page 1, line 4.	42

Part IV Information on Your Vehicle. Complete this part **only** if you are claiming car or truck expenses on line 9 and are not required to file Form 4562 for this business. See the instructions for line 13 to find out if you must file Form 4562.

43	When did you place your vehicle in service for business purposes? (month, day, year) ▶	
44	Of the total number of miles you drove your vehicle during 2003, enter the number of miles you used your vehicle for: a Business _____ b Commuting _____ c Other _____	
45	Do you (or your spouse) have another vehicle available for personal use?	<input type="checkbox"/> Yes <input type="checkbox"/> No
46	Was your vehicle available for personal use during off-duty hours?	<input type="checkbox"/> Yes <input type="checkbox"/> No
47a	Do you have evidence to support your deduction?	<input type="checkbox"/> Yes <input type="checkbox"/> No
	b If 'Yes,' is the evidence written?	<input type="checkbox"/> Yes <input type="checkbox"/> No

Part V Other Expenses. List below business expenses not included on lines 8-26 or line 30.

INTERNET CONNECTION	596.
CREDIT CARD FEES	150.
FINANCE CHARGE	912.
BANK CHARGES	204.
DUES AND SUBSCRIPTIONS	98.
POSTAGE	14.
TELEPHONE	2,330.
48 Total other expenses. Enter here and on page 1, line 27	48 4,304.

SCHEDULE D
(Form 1040)**Capital Gains and Losses**

OMB No. 1545-0074

2003
12Department of the Treasury
Internal Revenue Service (99)

- Attach to Form 1040. ► See Instructions for Schedule D (Form 1040).
► Use Schedule D-1 to list additional transactions for lines 1 and 8.

Name(s) shown on Form 1040

Your social security number

NESIM BAHAR

Part I Short-Term Capital Gains and Losses – Assets Held One Year or Less

(a) Description of property (Example: 100 shares XYZ Co)	(b) Date acquired (Mo, day, yr)	(c) Date sold (Mo, day, yr)	(d) Sales price (see instructions)	(e) Cost or other basis (see instructions)	(f) Gain or (loss) for the entire year Subtract (e) from (d)	(g) Post-May 5 gain or (loss)* (see below)
1						
2 Enter your short-term totals, if any, from Schedule D-1, line 2.	2					
3 Total short-term sales price amounts. Add lines 1 and 2 in column (d).	3					
4 Short-term gain from Form 6252 and short-term gain or (loss) from Forms 4684, 6781, and 8824.	4					
5 Net short-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1.	5					
6 Short-term capital loss carryover. Enter the amount, if any, from line 8 of your 2002 Capital Loss Carryover Worksheet.	6					
7a Combine lines 1 through 5 in column (g). If the result is a loss, enter the result. Otherwise, enter -0-. Do not enter more than zero.	7a					0.
b Net short-term capital gain or (loss). Combine lines 1 through 6 in column (f).	b					

Part II Long-Term Capital Gains and Losses – Assets Held More Than One Year

(a) Description of property (Example: 100 shares XYZ Co)	(b) Date acquired (Mo, day, yr)	(c) Date sold (Mo, day, yr)	(d) Sales price (see instructions)	(e) Cost or other basis (see instructions)	(f) Gain or (loss) for the entire year Subtract (e) from (d)	(g) Post-May 5 gain or (loss)* (see below)
8						
9 Enter your long-term totals, if any, from Schedule D-1, line 9.	9					
10 Total long-term sales price amounts. Add lines 8 and 9 in column (d).	10					
11 Gain from Form 4797, Part I; long-term gain from Forms 2439 and 6252; and long-term gain or (loss) from Forms 4684, 6781, and 8824.	11				321,831.	314,200.
12 Net long-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1.	12					
13 Capital gain distributions. See instrs.	13					
14 Long-term capital loss carryover. Enter the amount, if any, from line 13 of your 2002 Capital Loss Carryover Worksheet.	14					
15 Combine lines 8 through 13 in column (g). If zero or less, enter -0-.	15					314,200.
16 Net long-term capital gain or (loss). Combine lines 8 through 14 in column (f).	16				321,831.	

Next: Go to Part III on page 2.

*Include in column (g) all gains and losses from column (f) from sales, exchanges, or conversions (including installment payments received) after May 5, 2003. However, do not include gain attributable to unrecaptured section 1250 gain, 'collectibles gains and losses' (as defined in the instructions) or eligible gain on qualified small business stock (see instrs).

BAA For Paperwork Reduction Act Notice, see Form 1040 instructions.

Schedule D (Form 1040) 2003

FDIA0612L 01/16/04

Schedule D (Form 1040) 2003 NESIM BAHAR

Page 2

Part III Taxable Gain or Deductible Loss

17a Combine lines 7b and 16 and enter the result. If a loss, enter -0- on line 17b and go to line 18. If a gain, enter the gain on Form 1040, line 13a, and go to line 17b below.	17a	321,831.
b Combine lines 7a and 15. If zero or less, enter -0-. Then complete Form 1040 through line 40. Next: • If line 16 of Schedule D is a gain or you have qualified dividends on Form 1040, line 9b, complete Part IV below. • Otherwise, skip the rest of Schedule D and complete the rest of Form 1040.	17b	314,200.
18 If line 17a is a loss, enter here and on Form 1040, line 13a, the smaller of (a) that loss or (b) (\$3,000) (or, if married filing separately, (\$1,500)) (see instructions). Next: • If you have qualified dividends on Form 1040, line 9b, complete Form 1040 through line 40, and then complete Part IV below (but skip lines 19 and 20). • Otherwise, skip Part IV below and complete the rest of Form 1040.	18	

Part IV Tax Computation Using Maximum Capital Gains Rates

If line 16 or line 17a is zero or less, skip lines 19 and 20 and go to line 21. Otherwise, go to line 19.

19 Enter your unrecaptured section 1250 gain, if any, from line 18 of the worksheet in the instructions.	19	
20 Enter your 28% rate gain, if any, from line 7 of the worksheet in the instructions.	20	
If lines 19 and 20 are zero, go to line 21. Otherwise, complete the worksheet in the instructions to figure the amount to enter on lines 35 and 53 below, and skip all other lines below.		
21 Enter your taxable income from Form 1040, line 40.	21	
22 Enter the smaller of line 16 or line 17a, but not less than zero.	22	
23 Enter your qualified dividends from Form 1040, line 9b.	23	
24 Add lines 22 and 23.	24	
25 Amount from line 4g of Form 4952 (investment interest expense).	25	
26 Subtract line 25 from line 24. If zero or less, enter -0-.	26	
27 Subtract line 26 from line 21. If zero or less, enter -0-.	27	
28 Enter the smaller of line 21 or: • \$56,800 if married filing jointly or qualifying widow(er); • \$28,400 if single or married filing separately; or • \$38,050 if head of household	28	
If line 27 is greater than line 28, skip lines 29 through 39 and go to line 40.		
29 Enter the amount from line 27.	29	
30 Subtract line 29 from line 28. If zero or less, enter -0- and go to line 40.	30	
31 Add lines 17b and 23*.	31	
32 Enter the smaller of line 30 or line 31.	32	
33 Multiply line 32 by 5% (.05). If lines 30 and 32 are the same, skip lines 34 through 39 and go to line 40.	33	
34 Subtract line 32 from line 30.	34	
35 Enter your qualified 5-year gain, if any, from line 8 of the worksheet in the instructions.	35	
36 Enter the smaller of line 34 or line 35.	36	
37 Multiply line 36 by 8% (.08).	37	
38 Subtract line 36 from line 34.	38	
39 Multiply line 38 by 10% (.10). If lines 26 and 30 are the same, skip lines 40 through 49 and go to line 50.	39	
40 Enter the smaller of line 21 or line 26.	40	
41 Enter the amount from line 30 (if line 30 is blank, enter -0-).	41	
42 Subtract line 41 from line 40.	42	
43 Add lines 17b and 23*.	43	
44 Enter the amount from line 32 (if line 32 is blank, enter -0-).	44	
45 Subtract line 44 from line 43.	45	
46 Enter the smaller of line 42 or line 45.	46	
47 Multiply line 46 by 15% (.15).	47	
48 Subtract line 46 from line 42.	48	
49 Multiply line 48 by 20% (.20).	49	
50 Figure the tax on the amount on line 27. Use the Tax Table or Tax Rate Schedules, whichever applies.	50	
51 Add lines 33, 37, 39, 47, 49, and 50.	51	
52 Figure the tax on the amount on line 21. Use the Tax Table or Tax Rate Schedules, whichever applies.	52	
53 Tax on all taxable income. Enter the smaller of line 51 or line 52 here and on Form 1040, line 41.	53	

*If lines 23 and 25 are more than zero, see instructions for the amount to enter.

Schedule D (Form 1040) 2003

FDIA0612L 01/16/04

Schedule E (Form 1040) 2003

Page 2

Name(s) shown on return. Do not enter name and social security number if shown on

number

NESIM BAHAR

Part II Income or Loss From Partnerships and S Corporations**Note.** If you report a loss from an at-risk activity for which any amount is not at risk, you must check column (e) on line 28 and attach Form 6198. See instructions.

- 27 Are you reporting losses not allowed in prior years due to the at-risk or basis limitations, passive losses not reported on Form 8582, or unreimbursed partnership expenses? ☐ Yes ☒ No

If you answered "Yes," see instructions before completing this section.

Caution: The IRS compares amounts reported on your tax return with amounts shown on Schedule(s) K-1.

28	(a) Name	(b) Enter P for partnership; S for S corporation	(c) Check if foreign partnership	(d) Employer identification number	(e) Check if any amount is not at risk
A	SEE STATEMENT 3				
B					
C					
D					

Passive Income and Loss		Nonpassive Income and Loss		
(f) Passive loss allowed (attach Form 8582 if required)	(g) Passive income from Schedule K-1	(h) Nonpassive loss from Schedule K-1	(i) Section 179 expense deduction from Form 4562	(j) Nonpassive income from Schedule K-1
A				
B				
C				
D				
29a Totals				3,889,145.
b Totals		292,532.		
30 Add columns (g) and (j) of line 29a			30	3,889,145.
31 Add columns (f), (h), and (i) of line 29b			31	-292,532.
32 Total partnership and S corporation income or (loss). Combine lines 30 and 31. Enter the result here and include in the total on line 41 below			32	3,596,613.

Part III Income or Loss From Estates and Trusts

33	(a) Name	(b) Employer ID no.
A		
B		

Passive Income and Loss		Nonpassive Income and Loss	
(c) Passive deduction or loss allowed (attach Form 8582 if required)	(d) Passive income from Schedule K-1	(e) Deduction or loss from Schedule K-1	(f) Other income from Schedule K-1
A			
B			
34a Totals			
b Totals			
35 Add columns (d) and (f) of line 34a		35	
36 Add columns (c) and (e) of line 34b		36	
37 Total estate and trust income or (loss). Combine lines 35 and 36. Enter the result here and include in the total on line 41 below		37	

Part IV Income or Loss From Real Estate Mortgage Investment Conduits (REMICs) – Residual Holder

38	(a) Name	(b) Employer identification number	(c) Excess inclusion from Schedules Q, line 2c (see instructions)	(d) Taxable income (net loss) from Schedules Q, line 1b	(e) Income from Schedules Q, line 3b
39	Combine columns (d) and (e) only. Enter the result here and include in the total on line 41 below				39

Part V Summary

40	Net farm rental income or (loss) from Form 4835. Also, complete line 42 below	40	
41	Total income or (loss). Combine lines 26, 32, 37, 39, and 40. Enter the result here and on Form 1040, line 17	41	3,596,613.
42	Reconciliation of Farming and Fishing Income. Enter your gross farming and fishing income reported on Form 4835, line 7; Schedule K-1 (Form 1065), line 15b; Schedule K-1 (Form 1120S), line 23; and Schedule K-1 (Form 1041), line 14 (see instructions)	42	
43	Reconciliation for Real Estate Professionals. If you were a real estate professional (see instructions), enter the net income or (loss) you reported anywhere on Form 1040 from all rental real estate activities in which you materially participated under the passive activity loss rules	43	3,918,444.

BAA

FDIZ2302L 06/11/03

Schedule E (Form 1040) 2003

Schedule SE (Form 1040) 2003

17

Page 2

Name of person with self-employment income (as shown on Form 1040)

Social security number of person
with self-employment income ▶

NESIM BAHAR

Section B — Long Schedule SE

Part I Self-Employment Tax

Note. If your only income subject to self-employment tax is **church employee income**, skip lines 1 through 4b. Enter -0- on line 4c and go to line 5a. Income from services you performed as a minister or a member of a religious order is **not** church employee income. See instructions.

A If you are a minister, member of a religious order, or Christian Science practitioner and you filed Form 4361, but you had \$400 or more of other net earnings from self-employment, check here and continue with Part I <input type="checkbox"/>		
1	Net farm profit or (loss) from Schedule F, line 36, and farm partnerships, Schedule K-1 (Form 1065), line 15a. Note. Skip this line if you use the farm optional method (see instructions).	
2	Net profit or (loss) from Schedule C, line 31; Schedule C-EZ, line 3; Schedule K-1 (Form 1065), line 15a (other than farming); and Schedule K-1 (Form 1065-B), box 9. Ministers and members of religious orders, see instructions for amounts to report on this line. See instructions for other income to report. Note. Skip this line if you use the nonfarm optional method (see instructions).	845.
3	Combine lines 1 and 2.	845.
4a	If line 3 is more than zero, multiply line 3 by 92.35% (.9235). Otherwise, enter amount from line 3.	780.
4b	If you elect one or both of the optional methods, enter the total of lines 15 and 17 here.	
4c	Combine lines 4a and 4b. If less than \$400, do not file this schedule; you do not owe self-employment tax. Exception. If less than \$400 and you had church employee income , enter -0- and continue.	780.
5a	Enter your church employee income from Form W-2. See the instructions for definition of church employee income.	
5b	Multiply line 5a by 92.35% (.9235). If less than \$100, enter -0-.	0.
6	Net earnings from self-employment. Add lines 4c and 5b.	780.
7	Maximum amount of combined wages and self-employment earnings subject to social security tax or the 6.2% portion of the 7.65% railroad retirement (tier 1) tax for 2003.	87,000.
8a	Total social security wages and tips (total of boxes 3 and 7 on Form(s) W-2) and railroad retirement (tier 1) compensation. If \$87,000 or more, skip lines 8b through 10, and go to line 11.	87,000.
8b	Unreported tips subject to social security tax (from Form 4137, line 9)	
8c	Add lines 8a and 8b.	
9	Subtract line 8c from line 7. If zero or less, enter -0- here and on line 10 and go to line 11.	
10	Multiply the smaller of line 6 or line 9 by 12.4% (.124).	
11	Multiply line 6 by 2.9% (.029).	23.
12	Self-employment tax. Add lines 10 and 11. Enter here and on Form 1040, line 55 .	23.
13	Deduction for one-half of self-employment tax. Multiply line 12 by 50% (.5). Enter the result here and on Form 1040, line 28 .	12.

Part II Optional Methods To Figure Net Earnings (see instructions)

Farm Optional Method. You may use this method only if:		
• Your gross farm income ⁽¹⁾ was not more than \$2,400 or		
• Your net farm profits ⁽²⁾ were less than \$1,733.		
14	Maximum income for optional methods.	1,600.
15	Enter the smaller of: two-thirds (2/3) of gross farm income ⁽¹⁾ (not less than zero) or \$1,600. Also, include this amount on line 4b above.	
Nonfarm Optional Method. You may use this method only if:		
• Your net nonfarm profits ⁽³⁾ were less than \$1,733 and also less than 72.189% of your gross nonfarm income ⁽⁴⁾ and		
• You had net earnings from self-employment of at least \$400 in 2 of the prior 3 years.		
Caution. You may use this method no more than five times.		
16	Subtract line 15 from line 14.	
17	Enter the smaller of: two-thirds (2/3) of gross nonfarm income ⁽⁴⁾ (not less than zero) or the amount on line 16. Also include this amount on line 4b above.	
(1) From Schedule F, line 11, and Schedule K-1 (Form 1065), line 15b.		(3) From Schedule C, line 31; Schedule C-EZ, line 3; Schedule K-1 (Form 1065), line 15a; and Schedule K-1 (Form 1065-B), box 9.
(2) From Schedule F, line 36, and Schedule K-1 (Form 1065), line 15a.		(4) From Schedule C, line 7; Schedule C-EZ, line 1; Schedule K-1 (Form 1065), line 15c; and Schedule K-1 (Form 1065-B), box 9.

Form **4797**Department of the Treasury
Internal Revenue Service (99)

Sales of Business Property

(Also Involuntary Conversions and Recapture Amounts Under Sections 179 and 280F(b)(2))

► Attach to your tax return. ► See separate instructions.

OMB No. 1545-0184

2003**27**

Name(s) shown on return

Identifying number

NESIM BAHAR

- 1 Enter the gross proceeds from sales or exchanges reported to you for 2003 on Form(s) 1099-B or 1099-S (or substitute statement) that you are including on line 2, 10, or 20 (see instructions).

1

Part I Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions From Other Than Casualty or Theft — Most Property Held More Than 1 Year (See instructions.)

2	(a) Description of property	(b) Date acquired (month, day, year)	(c) Date sold (month, day, year)	(d) Gross sales price	(e) Depreciation allowed or allowable since acquisition	(f) Cost or other basis, plus improvements and expense of sale	(g) Gain or (loss) for entire year. Subtract (f) from the sum of (d) and (e)	(h) Post-May 5, 2003, gain or (loss)* (see below)
	FROM K-1						321,831.	314,200.

- 3 Gain, if any, from Form 4684, line 39.
- 4 Section 1231 gain from installment sales from Form 6252, line 26 or 37.
- 5 Section 1231 gain or (loss) from like-kind exchanges from Form 8824.
- 6 Gain, if any, from line 32, from other than casualty or theft.
- 7 Combine lines 2 through 6 in columns (g) and (h). Enter the gain or (loss) here and on the appropriate line as follows.

3		
4		
5		
6		
7	321,831.	314,200.

Partnerships (except electing large partnerships) and S corporations. Report the gain or (loss) following the instructions for Form 1065, Schedule K, line 6, or Form 1120S, Schedule K, line 5. Skip lines 8, 9, 11, and 12 below.

All others. If line 7, column (g) is zero or a loss, enter that amount on line 11 below and skip lines 8, 9, and 12. If line 7, column (g) is a gain and you did not have any prior year section 1231 losses, or they were recaptured in an earlier year, enter the gain or (loss) in each column as a long-term capital gain or (loss) on Schedule D and skip lines 8, 9, 11, and 12 below.

- 8 Nonrecaptured net section 1231 losses from prior years (see instructions).
- 9 Subtract line 8 from line 7. If line 9, column (g) is zero or less, enter -0- in column (g). If line 9, column (g) is zero, enter the gain from line 7, column (g) on line 12 below. If line 9, column (g) is more than zero, enter the amount from line 8, column (g) on line 12 below and include the gain or (loss) in each column of line 9 as a long-term capital gain or (loss) on Schedule D (see instructions).

8		
9		

*Corporations (other than S corporations) should not complete column (h). Partnerships and S corporations must complete column (h). All others must complete column (h) only if line 7, column (g), is a gain and the amount, if any, on line 8, column (g), does not equal or exceed the gain on line 7, column (g). Include in column (h) all gains and losses from column (g) from sales, exchanges, or conversions (including installment payments received) after May 5, 2003. However, do not include gain attributable to unrecaptured section 1250 gain.

Part II Ordinary Gains and Losses

- 10 Ordinary gains and losses not included on lines 11 through 17 (include property held 1 year or less):

- 11 Loss, if any, from line 7, column (g).
- 12 Gain, if any, from line 7, column (g), or amount from line 8, column (g), if applicable.
- 13 Gain, if any, from line 31.
- 14 Net gain or (loss) from Form 4684, lines 31 and 38a.
- 15 Ordinary gain from installment sales from Form 6252, line 25 or 36.
- 16 Ordinary gain or (loss) from like-kind exchanges from Form 8824.
- 17 Recapture of section 179 expense deduction for partners and S corporation shareholders for property dispositions from 2002-2003 fiscal year partnerships and S corporations (see instructions).
- 18 Combine lines 10 through 17. Enter the gain or (loss) here and on the appropriate line as follows.

11		
12		
13		
14		
15		
16		
17		
18		

a For all except individual returns. Enter the gain or (loss) from line 18 on the return being filed.

b For individual returns:

- (1) If the loss on line 11 includes a loss from Form 4684, line 35, column (b)(ii), enter that part of the loss here. Enter the part of the loss from income-producing property on Schedule A (Form 1040), line 27, and the part of the loss from property used as an employee on Schedule A (Form 1040), line 22. Identify as from Form 4797, line 18b(1). See instructions.

18b (1)		
18b (2)		

- (2) Redetermine the gain or (loss) on line 18 excluding the loss, if any, on line 18b(1). Enter here and on Form 1040, line 14.

BAA For Paperwork Reduction Act Notice, see instructions.

FDI21001L 12/02/03

Form **4797** (2003)

Form **6251**

OMB No. 1545-0227

Alternative Minimum Tax – Individuals**2003****32**Department of the Treasury
Internal Revenue Service (99)▶ See separate instructions.
▶ Attach to Form 1040 or Form 1040NR.

Name(s) shown on Form 1040

Your social security number

NESIM BAHAR

Part I Alternative Minimum Taxable Income (See instructions for how to complete each line.)

1	If filing Schedule A (Form 1040), enter the amount from Form 1040, line 38, and go to line 2. Otherwise, enter the amount from Form 1040, line 35, and go to line 7. (If zero or less, enter as a negative amount.)	1	-759,061.
2	Medical and dental. Enter the smaller of Schedule A (Form 1040), line 4 or 2-1/2% of Form 1040, line 35	2	
3	Taxes from Schedule A (Form 1040), line 9	3	10,415.
4	Certain interest on a home mortgage not used to buy, build, or improve your home	4	
5	Miscellaneous deductions from Schedule A (Form 1040), line 26	5	
6	If Form 1040, line 35, is over \$139,500 (over \$69,750 if married filing separately), enter the amount from line 9 of the worksheet for Schedule A (Form 1040), line 28	6	
7	Tax refund from Form 1040, line 10 or line 21	7	
8	Investment interest expense (difference between regular tax and AMT)	8	
9	Depletion (difference between regular tax and AMT)	9	
10	Net operating loss deduction from Form 1040, line 21. Enter as a positive amount	10	571,738.
11	Interest from specified private activity bonds exempt from the regular tax	11	
12	Qualified small business stock (see instructions)	12	
13	Exercise of incentive stock options (excess of AMT income over regular tax income)	13	
14	Estates and trusts (amount from Schedule K-1 (Form 1041), line 9)	14	
15	Electing large partnerships (amount from Schedule K-1 (Form 1065-B), box 6)	15	
16	Disposition of property (difference between AMT and regular tax gain or loss)	16	-67.
17	Depreciation on assets placed in service after 1986 (difference between regular tax and AMT)	17	2,613.
18	Passive activities (difference between AMT and regular tax income or loss)	18	
19	Loss limitations (difference between AMT and regular tax income or loss)	19	
20	Circulation costs (difference between regular tax and AMT)	20	
21	Long-term contracts (difference between AMT and regular tax income)	21	
22	Mining costs (difference between regular tax and AMT)	22	
23	Research and experimental costs (difference between regular tax and AMT)	23	
24	Income from certain installment sales before January 1, 1987	24	
25	Intangible drilling costs preference	25	
26	Other adjustments, including income-based related adjustments	26	
27	Alternative tax net operating loss deduction	27	
28	Alternative minimum taxable income. Combine lines 1 through 27. (If married filing separately and line 28 is more than \$191,000, see instructions.)	28	-174,362.

Part II Alternative Minimum Tax

29	Exemption. (If this form is for a child under age 14, see instructions.)																		
<table border="0"> <tr> <td>IF your filing status is . . .</td> <td>AND line 28 is not over . . .</td> <td>THEN enter on line 29 . . .</td> <td></td> </tr> <tr> <td>Single or head of household</td> <td>\$112,500</td> <td>\$40,250</td> <td></td> </tr> <tr> <td>Married filing jointly or qualifying widow(er)</td> <td>150,000</td> <td>58,000</td> <td></td> </tr> <tr> <td>Married filing separately</td> <td>75,000</td> <td>29,000</td> <td></td> </tr> </table>				IF your filing status is . . .	AND line 28 is not over . . .	THEN enter on line 29 . . .		Single or head of household	\$112,500	\$40,250		Married filing jointly or qualifying widow(er)	150,000	58,000		Married filing separately	75,000	29,000	
IF your filing status is . . .	AND line 28 is not over . . .	THEN enter on line 29 . . .																	
Single or head of household	\$112,500	\$40,250																	
Married filing jointly or qualifying widow(er)	150,000	58,000																	
Married filing separately	75,000	29,000																	
	If line 28 is over the amount shown above for your filing status, see instructions.																		
30	Subtract line 29 from line 28. If zero or less, enter -0- here and on lines 33 and 35 and stop here	30	0.																
31	<ul style="list-style-type: none"> If you reported capital gain distributions directly on Form 1040, line 13a; you reported qualified dividends on Form 1040, line 9b; or you had a gain on both lines 16 and 17a of Schedule D (Form 1040) (as refigured for the AMT, if necessary), complete Part III on page 2 and enter the amount from line 65 here. All others: If line 30 is \$175,000 or less (\$87,500 or less if married filing separately), multiply line 30 by 26% (.26). Otherwise, multiply line 30 by 28% (.28) and subtract \$3,500 (\$1,750 if married filing separately) from the result. 	31																	
32	Alternative minimum tax foreign tax credit (see instructions)	32																	
33	Tentative minimum tax. Subtract line 32 from line 31	33	0.																
34	Tax from Form 1040, line 41 (minus any tax from Form 4972 and any foreign tax credit from Form 1040, line 44)	34																	
35	Alternative minimum tax. Subtract line 34 from line 33. If zero or less, enter -0-. Enter here and on Form 1040, line 42	35	0.																

BAA For Paperwork Reduction Act Notice, see separate instructions.

Form 6251 (2003)

FDIA5312L 12/04/03

Form **4562**

OMB No. 1545-0172

Depreciation and Amortization
(Including Information on Listed Property)

See separate instructions.
Attach to your tax return.

2003

67

Department of the Treasury
Internal Revenue Service

Name(s) shown on return

NESIM BAHAR

Identifying number

Business or activity to which this form relates

SCHEDULE C - NESIM BAHAR

Part I Election To Expense Certain Property Under Section 179

Note: If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount. See instructions for a higher limit for certain businesses.	1	\$100,000.
2	Total cost of section 179 property placed in service (see instructions).	2	3,180.
3	Threshold cost of section 179 property before reduction in limitation.	3	\$400,000.
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	0.
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions.	5	100,000.
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
	COMPUTER	3,180.	3,180.
7	Listed property. Enter the amount from line 29.	7	0.
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7.	8	3,180.
9	Tentative deduction. Enter the smaller of line 5 or line 8.	9	3,180.
10	Carryover of disallowed deduction from line 13 of your 2002 Form 4562.	10	0.
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instrs).	11	100,000.
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11.	12	3,180.
13	Carryover of disallowed deduction to 2004. Add lines 9 and 10, less line 12.	13	0.

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.)

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions).	14	
15	Property subject to section 168(f)(1) election (see instructions).	15	
16	Other depreciation (including ACRS) (see instructions).	16	

Part III MACRS Depreciation (Do not include listed property.) (See instructions)**Section A**

17	MACRS deductions for assets placed in service in tax years beginning before 2003.	17	
18	If you are electing under section 168(i)(4) to group any assets placed in service during the tax year into one or more general asset accounts, check here.		

Section B - Assets Placed in Service During 2003 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only - see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs		S/L	
h Residential rental property			27.5 yrs	MM	S/L	
i Nonresidential real property			27.5 yrs	MM	S/L	
			39 yrs	MM	S/L	
				MM	S/L	

Section C - Assets Placed in Service During 2003 Tax Year Using the Alternative Depreciation System

20a Class life					S/L	
b 12-year			12 yrs		S/L	
c 40-year			40 yrs	MM	S/L	

Part IV Summary (see instructions)

21	Listed property. Enter amount from line 28.	21	
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations - see instructions.	22	3,180.
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs.	23	

BAA For Paperwork Reduction Act Notice, see instructions.

FDIZ0812L 10/28/03

Form 4562 (2003)

2003

FEDERAL STATEMENTS

PAGE 1

CLIENT 7423-01

NESIM BAHAR

10/12/04

09:09AM

STATEMENT 1
FORM 1040
WAGE SCHEDULE

TAXPAYER - EMPLOYER	WAGES	FEDERAL W/H	FICA	MEDI- CARE	STATE W/H	LOCAL W/H
ALEXICO MGMT ROCKY 116 LLC	94,792.		5,394.	1,374.		34.
GRAND TOTAL	<u>94,792.</u>	<u>0.</u>	<u>5,394.</u>	<u>1,374.</u>	<u>0.</u>	<u>34.</u>

STATEMENT 2
FORM 1040, LINE 21
OTHER INCOME

LOSS ON SECTION 988.....	\$ -4,165,409.
NET OPERATING LOSS CARRYOVER.....	-571,738.
TOTAL	<u>\$ -4,737,147.</u>

2003

FEDERAL STATEMENTS

PAGE 2

CLIENT 7423-01

NESIM BAHAR

10/12/04

09:09AM

STATEMENT 3
SCHEDULE E, PAGE 2
PART II - INCOME OR LOSS FROM PARTNERSHIPS AND S CORPORATIONS

NAME	TYPE	X IF FOREIGN	EMPLOYER I.D. NO.	ANY INVEST. NO AT RISK	PTP	PASSIVE LOSS FROM FORM 8582	PASSIVE INC. FROM SCH. K-1	NONPASSIVE LOSS FROM SCH. K-1	SECTION 179 DEDUCTION	NONPASSIVE INCOME FROM K-1
KISLEV PARTNERS, L.P.	P		98-0174122							\$ 3,882,487.
400 EAST 51ST ST, LLC	P		13-4070755					\$ 807.		
351 EAST 54 LLC	P		13-4072986					583.		
120 EAST 90 LLC	P		13-4026408					8,473.		
890 FIRST LLC	P		26-0003452					27,535.		
201 EAST 25 LLC	P		04-3698001							6,658.
200 EAST 27 LLC	P		04-3697991					10,751.		
205 EAST 45 LLC	P		41-2036078					244,383.		
TOTAL						\$ 0.	\$ 0.	\$ 292,532.	\$ 0.	\$ 3,889,145.

Form **1040** Department of the Treasury — Internal Revenue Service **U.S. Individual Income Tax Return 2004** (99) IRS Use Only — Do not write or staple in this space.

For the year Jan 1 - Dec 31, 2004, or other tax year beginning , 2004, ending , 20

Label (See instructions.)
Your first name MI Last name
NESIM BAHAR
OMB No. 1545-0074
Your social security number
[REDACTED]
If a joint return, spouse's first name MI Last name
Spouse's social security number
[REDACTED]

Use the IRS label. Otherwise, please print or type.
Home address (number and street). If you have a P.O. box, see instructions. Apartment no.
City, town or post office. If you have a foreign address, see instructions. State ZIP code
NEW YORK, NY 10014

Presidential Election Campaign (See instructions.)
Note: Checking 'Yes' will not change your tax or reduce your refund.
Do you, or your spouse if filing a joint return, want \$3 to go to this fund? ☐ Yes ☒ No ☐ Yes ☐ No

Filing Status
1 ☒ Single
2 ☐ Married filing jointly (even if only one had income)
3 ☐ Married filing separately. Enter spouse's SSN above & full name here. ☐ 4 ☐ Head of household (with qualifying person). (See instructions.) If the qualifying person is a child but not your dependent, enter this child's name here ☐ 5 ☐ Qualifying widow(er) with dependent child (see instructions)

Exemptions
6a ☒ Yourself. If someone can claim you as a dependent, do not check box 6a.
b ☐ Spouse
c Dependents:
(1) First name Last name (2) Dependent's social security number (3) Dependent's relationship to you (4) ☒ if qualifying child for child tax credit (see instrs)
If more than four dependents, see instructions.
d Total number of exemptions claimed. **10/17/05** 1

Income
7 Wages, salaries, tips, etc. Attach Form(s) W-2. 7 120,000.
8a Taxable interest. Attach Schedule B if required. 8a 9,612.
b Tax-exempt interest. Do not include on line 8a. 8b
9a Ordinary dividends. Attach Schedule B if required. 9a
b Qualified divs (see instrs) 9b
10 Taxable refunds, credits, or offsets of state and local income taxes (see instructions). 10
11 Alimony received. 11
12 Business income or (loss). Attach Schedule C or C-EZ. 12 9,818.
13 Capital gain or (loss). Att Sch D if reqd. If not reqd, ck here. 13 385,860.
14 Other gains or (losses). Attach Form 4797. 14
15a IRA distributions. 15a b Taxable amount (see instrs). 15b
16a Pensions and annuities. 16a b Taxable amount (see instrs). 16b
17 Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E. 17 -769,589.
18 Farm income or (loss). Attach Schedule F. 18
19 Unemployment compensation. 19
20a Social security benefits. 20a b Taxable amount (see instrs). 20b
21 Other income **SEE STATEMENT 2** 21 -1,031,846.
22 Add the amounts in the far right column for lines 7 through 21. This is your **total income**. 22 -1,276,145.

Adjusted Gross Income
23 Educator expenses (see instructions). 23
24 Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106 or 2106-EZ. 24
25 IRA deduction (see instructions). 25
26 Student loan interest deduction (see instructions). 26
27 Tuition and fees deduction (see instructions). 27
28 Health savings account deduction. Attach Form 8889. 28
29 Moving expenses. Attach Form 3903. 29
30 One-half of self-employment tax. Attach Schedule SE. 30 132.
31 Self-employed health insurance deduction (see instrs) 31
32 Self-employed SEP, SIMPLE, and qualified plans. 32
33 Penalty on early withdrawal of savings. 33
34a Alimony paid b Recipient's SSN 34a
35 Add lines 23 through 34a. 35 132.
36 Subtract line 35 from line 22. This is your **adjusted gross income**. 36 -1,276,277.

Internal Revenue Service
Received LB 035
OCT 21 2005
SPC WINDSOR, CT

Form 1040 (2004)

NESIM BAHAR

Page 2

Tax and Credits	37	Amount from line 36 (adjusted gross income).....	37	-1,276,277.
Standard Deduction for — • People who checked any box on line 38a or 38b or who can be claimed as a dependent, see instructions. • All others: Single or Married filing separately, \$4,850 Married filing jointly or Qualifying widow(er), \$9,700 Head of household, \$7,150	38a	Check <input type="checkbox"/> You were born before January 2, 1940, <input type="checkbox"/> Blind. Total boxes checked <input type="checkbox"/> 38a if: <input type="checkbox"/> Spouse was born before January 2, 1940, <input type="checkbox"/> Blind. <input type="checkbox"/> 38b		
	39	Itemized deductions (from Schedule A) or your standard deduction (see left margin).....	39	16,453.
	40	Subtract line 39 from line 37.....	40	-1,292,730.
	41	If line 37 is \$107,025 or less, multiply \$3,100 by the total number of exemptions claimed on line 6d. If line 37 is over \$107,025, see the worksheet in the instructions.....	41	3,100.
	42	Taxable income. Subtract line 41 from line 40. If line 41 is more than line 40, enter -0-.....	42	0.
	43	Tax (see instrs). Check if any tax is from: a <input type="checkbox"/> Form(s) 8814 b <input type="checkbox"/> Form 4972.....	43	0.
	44	Alternative minimum tax (see instructions). Attach Form 6251.....	44	0.
	45	Add lines 43 and 44.....	45	0.
	46	Foreign tax credit. Attach Form 1116 if required.....	46	
	47	Credit for child and dependent care expenses. Attach Form 2441.....	47	
48	Credit for the elderly or the disabled. Attach Schedule R.....	48		
49	Education credits. Attach Form 8863.....	49		
50	Retirement savings contributions credit. Attach Form 8880.....	50		
51	Child tax credit (see instructions).....	51		
52	Adoption credit. Attach Form 8839.....	52		
53	Credits from: a <input type="checkbox"/> Form 8396 b <input type="checkbox"/> Form 8859.....	53		
54	Other credits. Check applicable box(es): a <input type="checkbox"/> Form 3800 b <input type="checkbox"/> Form 8801 c <input type="checkbox"/> Specify.....	54		
55	Add lines 46 through 54. These are your total credits	55		
56	Subtract line 55 from line 45. If line 55 is more than line 45, enter -0-.....	56	0.	
Other Taxes	57	Self-employment tax. Attach Schedule SE.....	57	263.
	58	Social security and Medicare tax on tip income not reported to employer. Attach Form 4137.....	58	
	59	Additional tax on IRAs, other qualified retirement plans, etc. Attach Form 5329 if required.....	59	
	60	Advance earned income credit payments from Form(s) W-2.....	60	
	61	Household employment taxes. Attach Schedule H.....	61	
62	Add lines 56-61. This is your total tax	62	263.	
Payments If you have a qualifying child, attach Schedule EIC.	63	Federal income tax withheld from Forms W-2 and 1099.....	63	
	64	2004 estimated tax payments and amount applied from 2003 return.....	64	
	65a	Earned income credit (EIC)	65a	
	65b	Nontaxable combat pay election.....	65b	
	66	Excess social security and tier 1 RRTA tax withheld (see instructions).....	66	
	67	Additional child tax credit. Attach Form 8812.....	67	
	68	Amount paid with request for extension to file (see instructions).....	68	
69	Other prmts from: a <input type="checkbox"/> Form 2439 b <input type="checkbox"/> Form 4136 c <input type="checkbox"/> Form 8885.....	69		
70	Add lines 63, 64, 65a, and 66 through 69. These are your total payments	70	0.	
Refund Direct deposit? See instructions and fill in 72b, 72c, and 72d.	71	If line 70 is more than line 62, subtract line 62 from line 70. This is the amount you overpaid.....	71	
	72a	Amount of line 71 you want refunded to you	72a	
	72b	Routing number.....	72b	
72c	Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings	72c		
72d	Account number.....	72d		
73	Amount of line 71 you want applied to your 2005 estimated tax.....	73		
Amount You Owe	74	Amount you owe. Subtract line 70 from line 62. For details on how to pay, see instructions.....	74	263.
	75	Estimated tax penalty (see instructions).....	75	
Third Party Designee	Do you want to allow another person to discuss this return with the IRS (see instructions)? <input checked="" type="checkbox"/> Yes. Complete the following. <input type="checkbox"/> No			
	Designee's name	PREPARER	Phone no.	Personal identification number (PIN)
Sign Here Joint return? See instructions. Keep a copy for your records.	Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.			
	Your signature	Date	Your occupation	Daytime phone number
	Spouse's signature. If a joint return, both must sign.	Date	Spouse's occupation	
	Preparer's signature	Date	Check if self-employed <input type="checkbox"/>	Preparer's SSN or PTIN
Paid Preparer's Use Only	Firm's name (or yours if self-employed), address, and ZIP code	DAVIS GRABER PLOTZKER & WARD LLP 150 EAST 58TH STREET, 20TH FLOOR NEW YORK, NY 10155		
	EIN	20-0494412		
	Phone no.	(212) 230-2600		

Form 1040 (2004)

FDIA0112L 11/10/04

Gov Exh 5, Pg.2

Form **2688**Application for Additional Extension of Time to File
U.S. Individual Income Tax Return

OMB No. 1545-0066

2004Department of the Treasury
Internal Revenue Service

▶ See instructions.

▶ You must complete all items that apply to you.

Please type or print. File by the due date for filing your return.	Your first name NESIM BAHAR	MI	Last name	Your social security number
	If a joint return, spouse's first name	MI	Last name	Spouse's social security number
Home address (number and street)				
City, town or post office NEW YORK, NY 10014		State	ZIP code	

Please fill in the Return Label at the bottom of this page.

- I request an extension of time until 10/15/2005, to file Form 1040EZ, Form 1040A, Form 1040, Form 1040NR-EZ, or Form 1040NR for the calendar year 2004, or other tax year ending _____.
- Explain why you need an extension. You must give an adequate explanation. _____
TAXPAYER RESPECTFULLY REQUESTS ADDITIONAL TIME TO GATHER INFORMATION NECESSARY TO
FILE A COMPLETE AND ACCURATE TAX RETURN.

- Have you filed Form 4868 to request an automatic extension of time to file for this tax year? ☒ Yes ☐ No
 If you checked 'No,' we will grant your extension only for undue hardship. Fully explain the hardship in item 2. Attach any information you have that helps explain the hardship.

Signature and Verification

Under penalties of perjury, I declare that I have examined this form, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete; and, if prepared by someone other than the taxpayer, that I am authorized to prepare this form.

Signature of taxpayer ▶ _____	Date ▶ _____
Signature of spouse ▶ _____ (if filing jointly, both must sign even if only one had income)	Date ▶ _____
Signature of preparer other than taxpayer ▶ _____	Date ▶ _____

Please fill in the **Return Label** below with your name, address, and social security number. The IRS will complete the **Notice to Applicant** and return it to you. If you want it sent to another address or to an agent acting for you, enter the other address and add the agent's name.

(Do not detach)

Notice to Applicant

To Be Completed by the IRS

- ☐ We **have** approved your application.
☐ We **have not** approved your application.
 However, we have granted a 10-day grace period to _____. This grace period is considered a valid extension of time for elections otherwise required to be made on a timely return.
☐ We **have not** approved your application. After considering the information you provided in item 2 above, we cannot grant your request for an extension of time to file. We are not granting a 10-day grace period.
☐ We cannot consider your application because it was filed after the due date of your return.
☐ Other _____

Director

Date

Return Label
(Please type or print)

Taxpayer's name (and agent's name, if applicable). If a joint return, also give spouse's name. NESIM BAHAR DAVIS GRABER PLOTZKER & WARD LLP		Taxpayer's social security number
Number and street (include suite, room, or apt no.) or P.O. box number 150 EAST 58TH STREET, 20TH FLOOR		Spouse's social security number
City, town or post office NEW YORK, NY 10155	State	ZIP code
Agents: Always include taxpayer's name on Return Label.		

BAA For Privacy Act and Paperwork Reduction Act Notice, see separate instructions.

Form 2688 (2004)

FDIA3401L 10/20/04

EXHIBIT C

(Part 4 of 4)

Form **4868**Department of the Treasury
Internal Revenue ServiceApplication for Automatic Extension of Time
To File U.S. Individual Income Tax Return

OMB No. 1545-0188

2004

For calendar year 2004, or other tax year beginning

, 2004, ending

Part I Identification

1 Your name(s) (see instructions)

NESIM BAHAR

DAVIS GRABER PLOTZKER & WARD LLP

Address (see instructions)

150 EAST 58TH STREET, 20TH FLOOR

City, town or post office

State ZIP code

NEW YORK, NY 10155

2 Your social security number

3 Spouse's social security number

Part II Individual Income Tax4 Estimate of total tax liability
for 2004..... \$ 263.

5 Total 2004 payments..... 0.

6 Balance due. Subtract 5 from 4... 263.

7 Amount you are paying..... ▶ 263.

Confirmation NumberIf you file electronically, you will receive a confirmation number
telling you that your Form 4868 has been accepted. Enter the
confirmation number here
and keep it for your records.... ▶

BAA For Privacy Act and Paperwork Reduction Act Notice, see separate instructions.

Form 4868 (2004)

▲ Detach Here ▲

MAKE YOUR CHECK PAYABLE TO THE "UNITED STATES TREASURY"
AND MAIL FORM 4868 WITH YOUR PAYMENT TO:INTERNAL REVENUE SERVICE
P.O. BOX 37003
HARTFORD, CT 06176-0003

SCHEDULE A
(Form 1040)**Itemized Deductions**

OMB No. 1545-0074

2004**07**Department of the Treasury
Internal Revenue Service (99)▶ **Attach to Form 1040.**
▶ **See Instructions for Schedule A (Form 1040).**

Name(s) shown on Form 1040

Your social security number

NESIM BAHAR

Medical and Dental Expenses	Caution. Do not include expenses reimbursed or paid by others.			
1	Medical and dental expenses (see instructions)	1	1,775.	
2	Enter amount from Form 1040, line 37.	2	-1,276,277.	
3	Multiply line 2 by 7.5% (.075)	3		
4	Subtract line 3 from line 1. If line 3 is more than line 1, enter -0-	4		1,775.
Taxes You Paid	5 State and local (check only one box):			
	a <input type="checkbox"/> Income taxes, or	5	224.	
	b <input checked="" type="checkbox"/> General sales taxes (see instructions)]			
	6 Real estate taxes (see instructions)	6	4,489.	
	7 Personal property taxes	7		
	8 Other taxes. List type and amount ▶	8		
	9 Add lines 5 through 8.	9		4,713.
Interest You Paid	10 Home mtg interest and points reported to you on Form 1098.	10	9,965.	
	11 Home mortgage interest not reported to you on Form 1098. If paid to the person from whom you bought the home, see instructions and show that person's name, identifying number, and address ▶			
	12 Points not reported to you on Form 1098. See instrs for spl rules	12		
	13 Investment interest. Attach Form 4952 if required. (See instrs.)	13		
	14 Add lines 10 through 13.	14		9,965.
Gifts to Charity	15 Gifts by cash or check. If you made any gift of \$250 or more, see instructions.	15	1,600.	
	16 Other than by cash or check. If any gift of \$250 or more, see instructions. You must attach Form 8283 if over \$500.	16		
	17 Carryover from prior year.	17	1,471.	
	18 Add lines 15 through 17. DISALLOWED CONTRIBUTIONS	18	-3,071.	0.
Casualty and Theft Losses	19 Casualty or theft loss(es). Attach Form 4684. (See instructions.)	19		0.
Job Expenses and Most Other Miscellaneous Deductions	20 Unreimbursed employee expenses — job travel, union dues, job education, etc. Attach Form 2106 or 2106-EZ if required. (See instructions.) ▶	20		
	21 Tax preparation fees	21		
	22 Other expenses — investment, safe deposit box, etc. List type and amount ▶	22		
	23 Add lines 20 through 22.	23		
	24 Enter amount from Form 1040, line 37.	24		
	25 Multiply line 24 by 2% (.02)	25		
	26 Subtract line 25 from line 23. If line 25 is more than line 23, enter -0-	26		0.
Other Miscellaneous Deductions	27 Other — from list in the instructions. List type and amount ▶	27		0.
Total Itemized Deductions	28 Is Form 1040, line 37, over \$142,700 (over \$71,350 if MFS)?			
	<input checked="" type="checkbox"/> No. Your deduction is not limited. Add the amounts in the far right column for lines 4 through 27. Also, enter this amount on Form 1040, line 39.	28		16,453.
	<input type="checkbox"/> Yes. Your deduction may be limited. See instructions for the amount to enter.			

SCHEDULE C
(Form 1040)**Profit or Loss From Business**
(Sole Proprietorship)

OMB No. 1545-0074

2004

09

Department of the Treasury
Internal Revenue Service

► Partnerships, joint ventures, etc., must file Form 1065 or 1065-B.
 ► Attach to Form 1040 or 1041. ► See Instructions for Schedule C (Form 1040).

Name of proprietor

NESIM BAHAR

Social security number (SSN)

A Principal business or profession, including product or service (see instructions)

REAL ESTATE

B Enter code from instructions

► 531310

C Business name. If no separate business name, leave blank.

D Employer ID number (EIN), if any

E Business address (including suite or room no.) ►
City, town or post office, state, and ZIP codeF Accounting method: (1) ☒ Cash (2) ☐ Accrual (3) ☐ Other (specify) ►G Did you 'materially participate' in the operation of this business during 2004? If 'No,' see instructions for limit on losses. ☒ Yes ☐ No

H If you started or acquired this business during 2004, check here

Part I Income

1 Gross receipts or sales. Caution. If this income was reported to you on Form W-2 and the 'Statutory employee' box on that form was checked, see the instructions and check here.	1	15,000.
2 Returns and allowances.	2	
3 Subtract line 2 from line 1.	3	15,000.
4 Cost of goods sold (from line 42 on page 2)	4	
5 Gross profit. Subtract line 4 from line 3.	5	15,000.
6 Other income, including Federal and state gasoline or fuel tax credit or refund.	6	
7 Gross income. Add lines 5 and 6.	7	15,000.

Part II Expenses. Enter expenses for business use of your home **only** on line 30.

8 Advertising.	8		19 Pension and profit-sharing plans.	19	
9 Car and truck expenses (see instructions).	9		20 Rent or lease (see instructions):		
10 Commissions and fees.	10		a Vehicles, machinery, and equipment.	20a	
11 Contract labor (see instructions).	11		b Other business property.	20b	
12 Depletion.	12		21 Repairs and maintenance.	21	
13 Depreciation and section 179 expense deduction (not included in Part III) (see instructions).	13		22 Supplies (not included in Part III).	22	
14 Employee benefit programs (other than on line 19).	14		23 Taxes and licenses.	23	
15 Insurance (other than health).	15		24 Travel, meals, and entertainment:		
16 Interest:			a Travel.	24a	450.
a Mortgage (paid to banks, etc.).	16a		b Meals and entertainment.		672.
b Other.	16b		c Enter nondeductible amount included on line 24b (see instrs).		336.
17 Legal & professional services.	17		d Subtract line 24c from line 24b.	24d	336.
18 Office expense.	18		25 Utilities.	25	
28 Total expenses before expenses for business use of home. Add lines 8 through 27 in columns.	28	5,182.	26 Wages (less employment credits).	26	
29 Tentative profit (loss). Subtract line 28 from line 7.	29	9,818.	27 Other expenses (from line 48 on page 2).	27	4,396.
30 Expenses for business use of your home. Attach Form 8829	30			28	5,182.
31 Net profit or (loss). Subtract line 30 from line 29.				29	9,818.
• If a profit, enter on Form 1040, line 12 , and also on Schedule SE, line 2 (statutory employees, see instructions). Estates and trusts, enter on Form 1041, line 3.				30	
• If a loss, you must go to line 32.				31	9,818.

32 If you have a loss, check the box that describes your investment in this activity (see instructions).

• If you checked 32a, enter the loss on **Form 1040, line 12**, and **also** on **Schedule SE, line 2** (statutory employees, see instructions). Estates and trusts, enter on Form 1041, line 3.

• If you checked 32b, you **must** attach **Form 6198**.

32a ☐ All investment is at risk.32b ☐ Some investment is not at risk.

BAA For Paperwork Reduction Act Notice, see Form 1040 instructions.

Schedule C (Form 1040) 2004

FDIZ0112L 05/06/04

Gov Exh 5, Pg.6

3

Schedule C (Form 1040) 2004 NESIM BAHAR

Page 2

Part III Cost of Goods Sold (see instructions)

33	Method(s) used to value closing inventory: a <input type="checkbox"/> Cost b <input type="checkbox"/> Lower of cost or market c <input type="checkbox"/> Other (attach explanation)	
34	Was there any change in determining quantities, costs, or valuations between opening and closing inventory? If 'Yes,' attach explanation	<input type="checkbox"/> Yes <input type="checkbox"/> No
35	Inventory at beginning of year. If different from last year's closing inventory, attach explanation	35
36	Purchases less cost of items withdrawn for personal use	36
37	Cost of labor. Do not include any amounts paid to yourself	37
38	Materials and supplies	38
39	Other costs	39
40	Add lines 35 through 39	40
41	Inventory at end of year	41
42	Cost of goods sold. Subtract line 41 from line 40. Enter the result here and on page 1, line 4	42

Part IV Information on Your Vehicle. Complete this part **only** if you are claiming car or truck expenses on line 9 and are not required to file Form 4562 for this business. See the instructions for line 13 to find out if you must file Form 4562.

43 When did you place your vehicle in service for business purposes? (month, day, year) ▶ _____

44 Of the total number of miles you drove your vehicle during 2004, enter the number of miles you used your vehicle for:
a Business _____ b Commuting _____ c Other _____

45 Do you (or your spouse) have another vehicle available for personal use? ☐ Yes ☐ No

46 Was your vehicle available for personal use during off-duty hours? ☐ Yes ☐ No

47 a Do you have evidence to support your deduction? ☐ Yes ☐ No
b If 'Yes,' is the evidence written? ☐ Yes ☐ No

Part V Other Expenses. List below business expenses not included on lines 8-26 or line 30.

BANK CHARGES	220.
CREDIT CARD FEES	150.
DUES AND SUBSCRIPTIONS	221.
FILING FEES	109.
FINANCE CHARGE	99.
INTERNET CONNECTION	636.
MISCELLANEOUS	559.
TELEPHONE	2,402.
48 Total other expenses. Enter here and on page 1, line 27	48 4,396.

Schedule C (Form 1040) 2004

SCHEDULE D

(Form 1040)

Department of the Treasury
Internal Revenue Service (99)

Capital Gains and Losses

- ▶ Attach to Form 1040. ▶ See Instructions for Schedule D (Form 1040).
▶ Use Schedule D-1 to list additional transactions for lines 1 and 8.

OMB No. 1545-0074

2004

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Name(s) shown on Form 1040

NESIM BAHAR

Your social security number

Part I Short-Term Capital Gains and Losses – Assets Held One Year or Less

(a) Description of property (Example: 100 shares XYZ Co)	(b) Date acquired (Mo, day, yr)	(c) Date sold (Mo, day, yr)	(d) Sales price (see instructions)	(e) Cost or other basis (see instructions)	(f) Gain or (loss) Subtract (e) from (d)
1					
2 Enter your short-term totals, if any, from Schedule D-1, line 2...	2				
3 Total short-term sales price amounts. Add lines 1 and 2 in column (d).....	3				
4 Short-term gain from Form 6252 and short-term gain or (loss) from Forms 4684, 6781, and 8824.....	4				
5 Net short-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1...	5				
6 Short-term capital loss carryover. Enter the amount, if any, from line 8 of your Capital Loss Carryover Worksheet in the instructions.....	6				
7 Net short-term capital gain or (loss). Combine lines 1 through 6 in column (f).....	7				

Part II Long-Term Capital Gains and Losses – Assets Held More Than One Year

(a) Description of property (Example: 100 shares XYZ Co)	(b) Date acquired (Mo, day, yr)	(c) Date sold (Mo, day, yr)	(d) Sales price (see instructions)	(e) Cost or other basis (see instructions)	(f) Gain or (loss) Subtract (e) from (d)
8					
9 Enter your long-term totals, if any, from Schedule D-1, line 9...	9				
10 Total long-term sales price amounts. Add lines 8 and 9 in column (d).....	10				
11 Gain from Form 4797, Part I; long-term gain from Forms 2439 and 6252; and long-term gain or (loss) from Forms 4684, 6781, and 8824.....	11				385,860.
12 Net long-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1...	12				
13 Capital gain distributions. See instrs.	13				
14 Long-term capital loss carryover. Enter the amount, if any, from line 13 of your Capital Loss Carryover Worksheet in the instructions.....	14				
15 Net long-term capital gain or (loss). Combine lines 8 through 14 in column (f). Then go to Part III on page 2.....	15				385,860.

BAA For Paperwork Reduction Act Notice, see Form 1040 instructions.

Schedule D (Form 1040) 2004

Part III Summary

16	Combine lines 7 and 15 and enter the result. If line 16 is a loss, skip lines 17 through 20, and go to line 21. If a gain, enter the gain on Form 1040, line 13, and then go to line 17 below.	16	385,860.
17	Are lines 15 and 16 both gains? <input type="checkbox"/> Yes. Go to line 18. <input type="checkbox"/> No. Skip lines 18 through 21, and go to line 22.		
18	Enter the amount, if any, from line 7 of the 28% Rate Gain Worksheet in the instructions.	18	
19	Enter the amount, if any, from line 18 of the Unrecaptured Section 1250 Gain Worksheet in the instructions.	19	
20	Are lines 18 and 19 both zero or blank? <input type="checkbox"/> Yes. Complete Form 1040 through line 42, and then complete the Qualified Dividends and Capital Gain Tax Worksheet in the instructions for Form 1040. Do not complete lines 21 and 22 below. <input type="checkbox"/> No. Complete Form 1040 through line 42, and then complete the Schedule D Tax Worksheet in the instructions. Do not complete lines 21 and 22 below.		
21	If line 16 is a loss, enter here and on Form 1040, line 13, the smaller of: <ul style="list-style-type: none">• The loss on line 16 or• (\$3,000), or if married filing separately, (\$1,500)	21	
Note. When figuring which amount is smaller, treat both amounts as positive numbers.			
22	Do you have qualified dividends on Form 1040, line 9b? <input type="checkbox"/> Yes. Complete Form 1040 through line 42, and then complete the Qualified Dividends and Capital Gain Tax Worksheet in the Instructions for Form 1040. <input type="checkbox"/> No. Complete the rest of Form 1040.		

Schedule D (Form 1040) 2004

Schedule E (Form 1040) 2004

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Page 2

Name(s) shown on return. Do not enter name and social security number if shown on Page 1.

Your social security number

NESIM BAHAR

Caution: The IRS compares amounts reported on your tax return with amounts shown on Schedule(s) K-1.**Part II Income or Loss From Partnerships and S Corporations****Note.** If you report a loss from an at-risk activity for which any amount is not at risk, you must check column (e) on line 28 and attach Form 6198. See instructions.

- 27 Are you reporting any loss not allowed in a prior year due to the at-risk or basis limitations, a prior year unallowed loss from a passive activity (if that loss was not reported on Form 8582), or unreimbursed partnership expenses? ☐ Yes ☒ No
If you answered 'Yes,' see instructions before completing this section.

28	(a) Name	(b) Enter P for partnership; S for S corporation	(c) Check if foreign partnership	(d) Employer identification number	(e) Check if any amount is not at risk
A	SEE STATEMENT 3				
B					
C					
D					

Passive Income and Loss		Nonpassive Income and Loss		
(f) Passive loss allowed (attach Form 8582 if required)	(g) Passive income from Schedule K-1	(h) Nonpassive loss from Schedule K-1	(i) Section 179 expense deduction from Form 4562	(j) Nonpassive income from Schedule K-1
A				
B				
C				
D				
29a Totals.....				471,860.
b Totals.....		1,241,449.		
30 Add columns (g) and (j) of line 29a.....			30	471,860.
31 Add columns (f), (h), and (i) of line 29b.....			31	-1,241,449.
32 Total partnership and S corporation income or (loss). Combine lines 30 and 31. Enter the result here and include in the total on line 41 below.....			32	-769,589.

Part III Income or Loss From Estates and Trusts

33	(a) Name	(b) Employer ID no.
A		
B		

Passive Income and Loss		Nonpassive Income and Loss	
(c) Passive deduction or loss allowed (attach Form 8582 if required)	(d) Passive income from Schedule K-1	(e) Deduction or loss from Schedule K-1	(f) Other income from Schedule K-1
A			
B			
34a Totals.....			
b Totals.....			
35 Add columns (d) and (f) of line 34a.....			35
36 Add columns (c) and (e) of line 34b.....			36
37 Total estate and trust income or (loss). Combine lines 35 and 36. Enter the result here and include in the total on line 41 below.....			37

Part IV Income or Loss From Real Estate Mortgage Investment Conduits (REMICs) – Residual Holder

38	(a) Name	(b) Employer identification number	(c) Excess inclusion from Schedules Q, line 2c (see instructions)	(d) Taxable income (net loss) from Schedules Q, line 1b	(e) Income from Schedules Q, line 3b
39	Combine columns (d) and (e) only. Enter the result here and include in the total on line 41 below.....				39

Part V Summary

40	Net farm rental income or (loss) from Form 4835. Also, complete line 42 below.....	40	
41	Total income or (loss). Combine lines 26, 32, 37, 39, and 40. Enter the result here and on Form 1040, line 17.....	41	-769,589.
42	Reconciliation of farming and fishing income. Enter your gross farming and fishing income reported on Form 4835, line 7; Schedule K-1 (Form 1065), box 14, code B; Schedule K-1 (Form 1120S), box 17, code N; and Schedule K-1 (Form 1041), line 14 (see instructions).....	42	
43	Reconciliation for real estate professionals. If you were a real estate professional (see instructions), enter the net income or (loss) you reported anywhere on Form 1040 from all rental real estate activities in which you materially participated under the passive activity loss rules.....	43	-289,651.

Schedule SE (Form 1040) 2004

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Page 2

Name of person with self-employment income (as shown on Form 1040)

NESIM BAHAR

Social security number of person
with self-employment income ▶

Section B — Long Schedule SE

Part I Self-Employment Tax

Note. If your only income subject to self-employment tax is **church employee income**, skip lines 1 through 4b. Enter -0- on line 4c and go to line 5a. Income from services you performed as a minister or a member of a religious order is **not** church employee income. See instructions.

- A** If you are a minister, member of a religious order, or Christian Science practitioner **and** you filed Form 4361, but you had \$400 or more of **other** net earnings from self-employment, check here and continue with Part I. ☐

1	Net farm profit or (loss) from Schedule F, line 36, and farm partnerships, Schedule K-1 (Form 1065), box 14, code A. Note. Skip this line if you use the farm optional method (see instructions).	1	
2	Net profit or (loss) from Schedule C, line 31; Schedule C-EZ, line 3; Schedule K-1 (Form 1065), box 14, code A (other than farming); and Schedule K-1 (Form 1065-B), box 9. Ministers and members of religious orders, see instructions for amounts to report on this line. See instructions for other income to report. Note. Skip this line if you use the nonfarm optional method (see instructions).	2	9,818.
3	Combine lines 1 and 2	3	9,818.
4a	If line 3 is more than zero, multiply line 3 by 92.35% (.9235). Otherwise, enter amount from line 3	4a	9,067.
4b	If you elect one or both of the optional methods, enter the total of lines 15 and 17 here	4b	
4c	Combine lines 4a and 4b. If less than \$400, stop ; you do not owe self-employment tax. Exception. If less than \$400 and you had church employee income , enter -0- and continue	4c	9,067.
5a	Enter your church employee income from Form W-2. See the instructions for definition of church employee income	5a	
5b	Multiply line 5a by 92.35% (.9235). If less than \$100, enter -0-	5b	0.
6	Net earnings from self-employment. Add lines 4c and 5b	6	9,067.
7	Maximum amount of combined wages and self-employment earnings subject to social security tax or the 6.2% portion of the 7.65% railroad retirement (tier 1) tax for 2004	7	87,900.
8a	Total social security wages and tips (total of boxes 3 and 7 on Form(s) W-2) and railroad retirement (tier 1) compensation. If \$87,900 or more, skip lines 8b through 10, and go to line 11	8a	87,900.
8b	Unreported tips subject to social security tax (from Form 4137, line 9)	8b	
8c	Add lines 8a and 8b	8c	
9	Subtract line 8c from line 7. If zero or less, enter -0- here and on line 10 and go to line 11	9	
10	Multiply the smaller of line 6 or line 9 by 12.4% (.124)	10	
11	Multiply line 6 by 2.9% (.029)	11	263.
12	Self-employment tax. Add lines 10 and 11. Enter here and on Form 1040, line 57	12	263.
13	Deduction for one-half of self-employment tax. Multiply line 12 by 50% (.5). Enter the result here and on Form 1040, line 30	13	132.

Part II Optional Methods To Figure Net Earnings (see instructions)

Farm Optional Method. You may use this method **only** if (a) your gross farm income⁽¹⁾ was not more than \$2,400 **or** (b) your net farm profits⁽²⁾ were less than \$1,733.

14	Maximum income for optional methods	14	1,600.
15	Enter the smaller of: two-thirds (2/3) of gross farm income ⁽¹⁾ (not less than zero) or \$1,600. Also, include this amount on line 4b above	15	

Nonfarm Optional Method. You may use this method **only** if (a) your net nonfarm profits⁽³⁾ were less than \$1,733 and also less than 72.189% of your gross nonfarm income⁽⁴⁾ **and** (b) you had net earnings from self-employment of at least \$400 in 2 of the prior 3 years.

Caution. You may use this method no more than five times.

16	Subtract line 15 from line 14	16	
17	Enter the smaller of: two-thirds (2/3) of gross nonfarm income ⁽⁴⁾ (not less than zero) or the amount on line 16. Also include this amount on line 4b above	17	

(1) From Schedule F, line 11, and Schedule K-1 (Form 1065), box 14, code B.

(3) From Schedule C, line 31; Schedule C-EZ, line 3; Schedule K-1 (Form 1065), box 14, code A; and Schedule K-1 (Form 1065-B), box 9.

(2) From Schedule F, line 36, and Schedule K-1 (Form 1065), box 14, code A.

(4) From Schedule C, line 7; Schedule C-EZ, line 1; Schedule K-1 (Form 1065), box 14, code C; and Schedule K-1 (Form 1065-B), box 9.

Form **4797**Department of the Treasury
Internal Revenue Service (99)**Sales of Business Property**
(Also Involuntary Conversions and Recapture Amounts
Under Sections 179 and 280F(b)(2))
▶ Attach to your tax return. ▶ See separate instructions.

OMB No. 1545-0184

2004

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Name(s) shown on return

Identifying number

NESIM BAHAR

- 1 Enter the gross proceeds from sales or exchanges reported to you for 2004 on Form(s) 1099-B or 1099-S (or substitute statement) that you are including on line 2, 10, or 20 (see instructions)

1

Part I Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions From Other Than Casualty or Theft – Most Property Held More Than 1 Year (see instructions)

2	(a) Description of property	(b) Date acquired (month, day, year)	(c) Date sold (month, day, year)	(d) Gross sales price	(e) Depreciation allowed or allowable since acquisition	(f) Cost or other basis, plus improvements and expense of sale	(g) Gain or (loss) Subtract (f) from the sum of (d) and (e)						
	FROM K-1						385,860.						
3	Gain, if any, from Form 4684, line 39.						3						
4	Section 1231 gain from installment sales from Form 6252, line 26 or 37.						4						
5	Section 1231 gain or (loss) from like-kind exchanges from Form 8824.						5						
6	Gain, if any, from line 32, from other than casualty or theft.						6						
7	Combine lines 2 through 6. Enter the gain or (loss) here and on the appropriate line as follows.						7 385,860.						
Partnerships (except electing large partnerships) and S corporations. Report the gain or (loss) following the instructions for Form 1065, Schedule K, line 10, or Form 1120S, Schedule K, line 9. Skip lines 8, 9, 11, and 12 below.													
All others. If line 7 is zero or a loss, enter the amount from line 7 on line 11 below and skip lines 8 and 9. If line 7 is a gain and you did not have any prior year section 1231 losses, or they were recaptured in an earlier year, enter the gain from line 7 as a long-term capital gain on Schedule D and skip lines 8, 9, 11, and 12 below.													
8	Nonrecaptured net section 1231 losses from prior years (see instructions).						8						
9	Subtract line 8 from line 7. If zero or less, enter -0-. If line 9 is zero, enter the gain from line 7 on line 12 below. If line 9 is more than zero, enter the amount from line 8 on line 12 below and enter the gain from line 9 as a long-term capital gain on Schedule D (see instructions).						9						

Part II Ordinary Gains and Losses

10	Ordinary gains and losses not included on lines 11 through 16 (include property held 1 year or less):						
11	Loss, if any, from line 7.						11
12	Gain, if any, from line 7 or amount from line 8, if applicable.						12
13	Gain, if any, from line 31.						13
14	Net gain or (loss) from Form 4684, lines 31 and 38a.						14
15	Ordinary gain from installment sales from Form 6252, line 25 or 36.						15
16	Ordinary gain or (loss) from like-kind exchanges from Form 8824.						16
17	Combine lines 10 through 16.						17
18	For all except individual returns, enter the amount from line 17 on the appropriate line of your return and skip lines a and b below. For individual returns, complete lines a and b below:						
a	If the loss on line 11 includes a loss from Form 4684, line 35, column (b)(ii), enter that part of the loss here. Enter the part of the loss from income-producing property on Schedule A (Form 1040), line 27, and the part of the loss from property used as an employee on Schedule A (Form 1040), line 22. Identify as from 'Form 4797, line 18a.' See instructions.						18a
b	Redetermine the gain or (loss) on line 17 excluding the loss, if any, on line 18a. Enter here and on Form 1040, line 14.						18b

BAA For Paperwork Reduction Act Notice, see instructions.

Form 4797 (2004)

Form 6251

Alternative Minimum Tax — Individuals

OMB No. 1545-0227

2004

32

Department of the Treasury
Internal Revenue Service (99)▶ See separate instructions.
▶ Attach to Form 1040 or Form 1040NR.

Name(s) shown on Form 1040

NESIM BAHAR

Your social security number

Part I Alternative Minimum Taxable Income (See instructions for how to complete each line.)

1	If filing Schedule A (Form 1040), enter the amount from Form 1040, line 40, and go to line 2. Otherwise, enter the amount from Form 1040, line 37, and go to line 7. (If less than zero, enter as a negative amount.)	1	-1,292,730.
2	Medical and dental. Enter the smaller of Schedule A (Form 1040), line 4 or 2-1/2% of Form 1040, line 37.	2	
3	Taxes from Schedule A (Form 1040), line 9.	3	4,713.
4	Enter the home mortgage interest adjustment, if any, from line 6 of the worksheet on page 2 of the instructions.	4	
5	Miscellaneous deductions from Schedule A (Form 1040), line 26.	5	
6	If Form 1040, line 37, is over \$142,700 (over \$71,350 if married filing separately), enter the amount from line 9 of the Itemized Deductions Worksheet in the instructions for Schedules A and B (Form 1040).	6	
7	Tax refund from Form 1040, line 10 or line 21.	7	
8	Investment interest expense (difference between regular tax and AMT).	8	
9	Depletion (difference between regular tax and AMT).	9	
10	Net operating loss deduction from Form 1040, line 21. Enter as a positive amount.	10	571,738.
11	Interest from specified private activity bonds exempt from the regular tax.	11	
12	Qualified small business stock (7% of gain excluded under section 1202).	12	
13	Exercise of incentive stock options (excess of AMT income over regular tax income).	13	
14	Estates and trusts (amount from Schedule K-1 (Form 1041), line 9).	14	
15	Electing large partnerships (amount from Schedule K-1 (Form 1065-B), box 6).	15	
16	Disposition of property (difference between AMT and regular tax gain or loss).	16	
17	Depreciation on assets placed in service after 1986 (difference between regular tax and AMT).	17	103,729.
18	Passive activities (difference between AMT and regular tax income or loss).	18	
19	Loss limitations (difference between AMT and regular tax income or loss).	19	
20	Circulation costs (difference between regular tax and AMT).	20	
21	Long-term contracts (difference between AMT and regular tax income).	21	
22	Mining costs (difference between regular tax and AMT).	22	
23	Research and experimental costs (difference between regular tax and AMT).	23	
24	Income from certain installment sales before January 1, 1987.	24	
25	Intangible drilling costs preference.	25	
26	Other adjustments, including income-based related adjustments.	26	
27	Alternative tax net operating loss deduction.	27	
28	Alternative minimum taxable income. Combine lines 1 through 27. (If married filing separately and line 28 is more than \$191,000, see instructions.)	28	-612,550.

Part II Alternative Minimum Tax

29	Exemption. (If this form is for a child under age 14, see instructions.)		
	<p>IF your filing status is...</p> <p>Single or head of household..... \$112,500..... \$40,250</p> <p>Married filing jointly or qualifying widow(er)..... 150,000..... 58,000</p> <p>Married filing separately..... 75,000..... 29,000</p> <p>If line 28 is over the amount shown above for your filing status, see instructions.</p>	<p>AND line 28 is not over...</p> <p>THEN enter on line 29...</p>	<p>29 40,250.</p>
30	Subtract line 29 from line 28. If zero or less, enter -0- here and on lines 33 and 35 and stop here.	30	0.
31	<p>• If you reported capital gain distributions directly on Form 1040, line 13; you reported qualified dividends on Form 1040, line 9b; or you had a gain on both lines 15 and 16 of Schedule D (Form 1040) (as refigured for the AMT, if necessary), complete Part III on page 2 and enter the amount from line 55 here.</p> <p>• All others: If line 30 is \$175,000 or less (\$87,500 or less if married filing separately), multiply line 30 by 26% (.26). Otherwise, multiply line 30 by 28% (.28) and subtract \$3,500 (\$1,750 if married filing separately) from the result.</p>	31	
32	Alternative minimum tax foreign tax credit (see instructions).	32	
33	Tentative minimum tax. Subtract line 32 from line 31.	33	0.
34	Tax from Form 1040, line 43 (minus any tax from Form 4972 and any foreign tax credit from Form 1040, line 46). If you used Schedule J to figure your tax, the amounts for lines 43 and 46 of Form 1040 must be refigured without using Schedule J (see instructions).	34	
35	Alternative minimum tax. Subtract line 34 from line 33. If zero or less, enter -0-. Enter here and on Form 1040, line 44.	35	0.

2004

FEDERAL STATEMENTS

PAGE 1

CLIENT 7423-01

NESIM BAHAR

STATEMENT 1
FORM 1040
WAGE SCHEDULE

TAXPAYER - EMPLOYER	WAGES	FEDERAL W/H	FICA	MEDI- CARE	STATE W/H	LOCAL W/H
ALEXICO MGMT ROCKY 116 LLC	120,000.		5,450.	1,740.		34.
GRAND TOTAL	<u>120,000.</u>	<u>0.</u>	<u>5,450.</u>	<u>1,740.</u>	<u>0.</u>	<u>34.</u>

STATEMENT 2
FORM 1040, LINE 21
OTHER INCOME

LOSS ON SECTION 988.....	\$	-460,108.
NET OPERATING LOSS CARRYOVER.....		-571,738.
TOTAL	\$	<u>-1,031,846.</u>

2004

FEDERAL STATEMENTS

PAGE 2

CLIENT 7423-01

NESIM BAHAR

STATEMENT 3
 SCHEDULE E, PAGE 2
 PART II - INCOME OR LOSS FROM PARTNERSHIPS AND S CORPORATIONS

NAME	TYPE	X IF FOREIGN	EMPLOYER I.D. NO.	ANY INVEST. NO AT RISK	PTP	PASSIVE LOSS FROM FORM 8582	PASSIVE INC. FROM SCH. K-1	NONPASSIVE LOSS FROM SCH. K-1	SECTION 179 DEDUCTION	NONPASSIVE INCOME FROM K-1
KISLEV PARTNERS, L.P.	P		98-0174122							\$ 450,523.
351 EAST 54 LLC	P		13-4072986					\$ 300.		
120 EAST 90 LLC	P		13-4026408					13,063.		
890 FIRST LLC	P		26-0003452					32,582.		
201 EAST 25 LLC	P		04-3698001							21,337.
200 EAST 27 LLC	P		04-3697991					107,660.		
205 EAST 45 LLC	P		41-2036078					957,491.		
110 WEST 86 LLC	P		27-0080622					36,275.		
BUSINESS INTEREST	P							19,730.		
RINGO RESTAURANT	P		14-1878287					74,348.		
TOTAL						\$ 0.	\$ 0.	\$ 1,241,449.	\$ 0.	\$ 471,860.

Label (See instructions.)	For the year Jan. 1 - Dec. 31, 2005, or other tax year beginning _____, 2005, ending _____, 20____	OMB No. 1545-0074
	Your first name _____ MI _____ Last name _____ NESIM BAHAR	Your social security number _____
Use the IRS label. Otherwise, please print or type.	If a joint return, spouse's first name _____ MI _____ Last name _____	Spouse's social security number _____
	Home address (number and street) If you have a P.O. box, see instructions. _____ Apartment no. _____ City, town or post office. If you have a foreign address, see instructions. _____ State _____ ZIP code _____	You must enter your social security number(s) above ▲
Presidential Election Campaign	NEW YORK, NY 10014	Checking a box below will not change your tax or refund. <input type="checkbox"/> You <input type="checkbox"/> Spouse

Filing Status	1	<input checked="" type="checkbox"/> Single	4	<input type="checkbox"/> Head of household (with qualifying person). (See instructions.) If the qualifying person is a child but not your dependent, enter this child's name here. ▶
	2	<input type="checkbox"/> Married filing jointly (even if only one has income)		
	3	<input type="checkbox"/> Married filing separately. Enter spouse's SSN above & full name here. ▶	5	<input type="checkbox"/> Qualifying widow(er) with dependent child (see instructions)

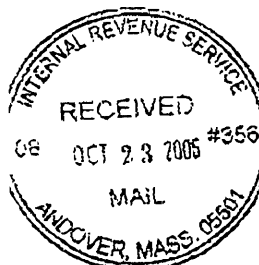
Exemptions				6a <input checked="" type="checkbox"/> Yourself. If someone can claim you as a dependent, do not check box 6a.		Boxes checked on 6a and 6b:
b <input type="checkbox"/> Spouse.						No. of children on 6c who:
c Dependents:				(2) Dependent's social security number	(3) Dependent's relationship to you	(4) <input checked="" type="checkbox"/> If qualifying child for credit (see instructions)
(1) First name		Last name				<input type="checkbox"/> lived with you
						<input type="checkbox"/> did not live with you due to divorce or separation (see instructions)
						<input type="checkbox"/> Dependents on 6c not entered above
						<input type="checkbox"/> Add numbers on lines above
d Total number of exemptions claimed						

Income		7	8a	9a	10	11	12	13	14	15a	15b	16a	16b	17	18	19	20a	20b	21	22
Wages, salaries, tips, etc. Attach Form(s) W-2																				
8a Taxable interest. Attach Schedule B if required.																				
b Tax-exempt interest. Do not include on line 8a.			8b																	
9a Ordinary dividends. Attach Schedule B if required.																				
b Qualified dividends (see instrs)				9b																
10 Taxable refunds, credits, or offsets of state and local income taxes (see instructions)																				
11 Alimony received																				
12 Business income or (loss). Attach Schedule C or C-EZ																				
13 Capital gain or (loss). Att Sch D if reqd. If not reqd, ck here																				
14 Other gains or (losses). Attach Form 4797																				
15a IRA distributions																				
b Taxable amount (see instrs)																				
16a Pensions and annuities																				
b Taxable amount (see instrs)																				
17 Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E																				
18 Farm income or (loss). Attach Schedule F																				
19 Unemployment compensation																				
20a Social security benefits																				
b Taxable amount (see instrs)																				
21 Other income NET OPERATING LOSS CARRYOVER																				
22 Add the amounts in the far right column for lines 7 through 21. This is your total income																				

Attach Form(s) W-2 here. Also attach Forms W-2G and 1099-R if tax was withheld.
 If you did not get a W-2, see instructions.
 Enclose, but do not attach, any payment. Also, please use Form 1040-V.

Adjusted Gross Income	23	24	25	26	27	28	29	30	31a	32	33	34	35	36	37	
23 Educator expenses (see instructions).	24 Certain business expenses of reservists, performing artists, and fee-based government officials. Attach Form 2106 or 2106-EZ.	25 Health savings account deduction. Attach Form 8889.	26 Moving expenses. Attach Form 3903.	27 One-half of self-employment tax. Attach Schedule SE.	28 Self-employed SEP, SIMPLE, and qualified plans.	29 Self-employed health insurance deduction (see instructions).	30 Penalty on early withdrawal of savings.	31a Alimony paid. b Recipient's SSN.	32 IRA deduction (see instructions).	33 Student loan interest deduction (see instructions).	34 Tuition and fees deduction (see instructions).	35 Domestic production activities deduction. Attach Form 8503.	36 Add lines 23 - 31a and 32 - 35.	37 Subtract line 36 from line 22. This is your adjusted gross income.	38	39

BAA For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see instructions. #DAD11ZL 11/07/05 Form 1040 (2005)



Form 1040 (2005) NESIM BAHAR		Page 2
Tax and Credits	38 Amount from line 37 (adjusted gross income)	38 -1,818,873.
Standard Deduction for — • People who checked any box on line 39a or 39b or who can be claimed as a dependent, see instructions. • All others: Single or Married filing separately, \$5,000 Married filing jointly or Qualifying widow(er), \$10,000 Head of household, \$7,300	39a Check <input type="checkbox"/> You were born before January 2, 1941, <input type="checkbox"/> Blind. Total boxes checked ▶ 39a <input type="checkbox"/> <input type="checkbox"/> Spouse was born before January 2, 1941, <input type="checkbox"/> Blind	
	b If your spouse itemizes on a separate return, or you were a dual-status alien, see instructions and check here. ▶ 39b <input type="checkbox"/>	
	40 Itemized deductions (from Sched. D) or your standard deduction (see left margin).	40 5,000.
	41 Subtract line 40 from line 38	41 -1,823,873.
	42 If line 38 is over \$109,475, or you provided housing to a person displaced by Hurricane Katrina, see instructions. Otherwise, multiply \$3,200 by the total number of exemptions claimed on line 6d.	42 3,200.
	43 Taxable income. Subtract line 42 from line 41. If line 42 is more than line 41, enter -0-	43 0.
	44 Tax (see instructions). Check if any tax is from: a <input type="checkbox"/> Form(s) 8814 b <input type="checkbox"/> Form 4972.	44 0.
	45 Alternative minimum tax (see instructions). Attach Form 6251	45 0.
	46 Add lines 44 and 45	46 0.
	47 Foreign tax credit. Attach Form 1116 if required.	47
48 Credit for child and dependent care expenses. Attach Form 2441	48	
49 Credit for the elderly or the disabled. Attach Schedule R.	49	
50 Education credits. Attach Form 8863.	50	
51 Retirement savings contributions credit. Attach Form 8880.	51	
52 Child tax credit (see instructions). Attach Form 8801 if required.	52	
53 Adoption credit. Attach Form 8839.	53	
54 Credits from: a <input type="checkbox"/> Form 3356 b <input type="checkbox"/> Form 3855	54	
55 Other credits. Check applicable box(es): a <input type="checkbox"/> Form 3800 b <input type="checkbox"/> Form 8801 c <input type="checkbox"/> Form	55	
56 Add lines 47 through 55. These are your total credits.	56	
57 Subtract line 56 from line 46. If line 56 is more than line 46, enter -0-	57 0.	
Other Taxes	58 Self-employment tax. Attach Schedule SE	58
59 Social security and Medicare tax on unreported income not reported to employer. Attach Form 4137	59	
60 Additional tax on IRAs, other qualified retirement plans, etc. Attach Form 5329 if required	60	
61 Advance earned income credit payments from Form(s) W-2.	61	
62 Household employment taxes. Attach Schedule H	62	
63 Add lines 57-62. This is your total tax	63 0.	
Payments	64 Federal income tax withheld from Forms W-2 and 1099	64
If you have a qualifying child, attach Schedule EIC	65 2005 estimated tax payments and amount applied from 2004 return	65
	66a Earned income credit (EIC)	66a
b Nontaxable combat pay election. ▶ 66b	66b	
67 Excess social security and tier 1 RRTA tax withheld (see instructions)	67	
68 Additional child tax credit. Attach Form 8812.	68	
69 Amount paid with request for extension to file (see instructions)	69	
70 Payments from: a <input type="checkbox"/> Form 2439 b <input type="checkbox"/> Form 4135 c <input type="checkbox"/> Form 8885	70	
71 Add lines 64, 65, 66a, and 67 through 70. These are your total payments	71 0.	
Refund	72 If line 71 is more than line 63, subtract line 63 from line 71. This is the amount you overpaid	72
Direct deposit? See instructions and fill in 73b, 73c, and 73d.	73a Amount of line 72 you want refunded to you	73a
▶ b Routing number	▶ c Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings	
▶ d Account number		
74 Amount of line 72 you want applied to your 2006 estimated tax	74	
Amount You Owe	75 Amount you owe. Subtract line 71 from line 63. For details on how to pay, see instructions.	75 0.
76 Estimated tax penalty (see instructions)	76	
Third Party Designee	Do you want to allow another person to discuss this return with the IRS (see instructions)? <input checked="" type="checkbox"/> Yes. Complete the following. <input type="checkbox"/> No	
Designee's name ▶ PREPARER	Phone no ▶	Personal identification number (PIN) ▶
Sign Here	Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.	
Joint return? See instructions.	Your signature	Date 12/16/06
Keep a copy for your records	Spouse's signature (if a joint return both must sign)	Date
	Spouse's occupation	Daytime phone number (212) 371-8788
Paid Preparer's Use Only	Preparer's signature	Date 12/16/06
Preparer's name (or yours if self-employed) ▶ DAVIS GRABER PLOTZKER & WARD LLP	Check if self-employed <input type="checkbox"/>	Preparer's SSN or PTIN
Address, and ZIP code ▶ 150 EAST 58TH STREET, 20TH FLOOR	EIN 20-0494412	
NEW YORK, NY 10155	Phone no (212) 230-2600	

FD-1041X 1-07/05

Form 1040 (2005)

Schedule B (Form 1040) 2005

OMB No. 1545-0074

Page 2

Name(s) shown on Form 1040:

Your social security number

NESIM BAHAR

Schedule B – Interest and Ordinary Dividends

Attachment
Sequence No. 08Part I
Interest(See instructions
for Form 1040,
line 8a.)Note: If you
received a Form
1099-INT, Form
1099-OID, or
substitute statement
from a brokerage
firm, list the firm's
name as the payer
and enter the total
interest shown on
that form.

- 1 List name of payer. If any interest is from a seller-financed mortgage and the buyer used the property as a personal residence, see the instructions and list this interest first. Also, show that buyer's social security number and address.

110 WEST 86 LLC

120 EAST 90 LLC

205 EAST 45 LLC

890 FIRST LLC

CHASE

CHASE

KISLEV PARTNERS, L.P.

Amount

7.

6,695.

165.

6,551.

2,681.

409.

20,225.

- 2 Add the amounts on line 1.

2

36,733.

- 3 Excludable interest on series EE and I U.S. savings bonds issued after 1989. Attach Form 8815.

3

- 4 Subtract line 3 from line 2. Enter the result here and on Form 1040, line 8a.

4

36,733.

Note: If line 4 is over \$1,500, you must complete Part III.

Part II
Ordinary
Dividends(See
instructions for
Form 1040,
line 9a.)Note: If you
received a Form
1099-DIV or
substitute statement
from a brokerage
firm, list the firm's
name as the payer
and enter the
ordinary dividends
shown on that form.

- 5 List name of payer.

5

Amount

- 6 Add the amounts on line 5. Enter the total here and on Form 1040, line 9a.

6

0.

Note: If line 6 is over \$1,500, you must complete Part III.

Part III
Foreign
Accounts
and
Trusts(See
instructions)

You must complete this part if you (a) had over \$1,500 of taxable interest or ordinary dividends; or (b) had a foreign account; or (c) received a distribution from, or were a grantor of, or a transferor to, a foreign trust.

Yes No

- 7a At any time during 2005, did you have an interest in or a signature or other authority over a financial account in a foreign country, such as a bank account, securities account, or other financial account? See instructions for exceptions and filing requirements for Form TD F 90-22.1.

X

- b If 'Yes,' enter the name of the foreign country.

- 8 During 2005, did you receive a distribution from, or were you the grantor of, or transferor to, a foreign trust? If 'Yes,' you may have to file Form 3520. See instructions.

X

BAA For Paperwork Reduction Act Notice, see Form 1040 instructions.

FD-1040-11 07/29/05

Schedule B (Form 1040) 2005

SCHEDULE D

(Form 1040)

Department of the Treasury
Internal Revenue Service (99)**Capital Gains and Losses**

- ▶ Attach to Form 1040. ▶ See Instructions for Schedule D (Form 1040).
▶ Use Schedule D-1 to list additional transactions for lines 1 and 8.

OMB No. 1545-0074

2005Attachment
Sequence No. 12

Name(s) shown on Form 1040

NESIM BAHAR

Your social security number

Part I Short-Term Capital Gains and Losses — Assets Held One Year or Less

(a) Description of property (Example: 100 shares XYZ Co.)	(b) Date acquired (Mo. day, yr.)	(c) Date sold (Mo. day, yr.)	(d) Sales price (see instructions)	(e) Cost or other basis (see instructions)	(f) Gain or (loss) Subtract (e) from (d)
1					
2 Enter your short-term totals, if any, from Schedule D-1, line 2	2				
3 Total short-term sales price amounts. Add lines 1 and 2 in column (d).	3				
4 Short-term gain from Form 6252 and short-term gain or (loss) from Forms 4684, 6781, and 8824	4				
5 Net short-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1	5				
6 Short-term capital loss carryover. Enter the amount, if any, from line 8 of your Capital Loss Carryover Worksheet in the instructions	6				
7 Net short-term capital gain or (loss). Combine lines 1 through 6 in column (f).	7				

Part II Long-Term Capital Gains and Losses — Assets Held More Than One Year

(a) Description of property (Example: 300 shares XYZ Co.)	(b) Date acquired (Mo. day, yr.)	(c) Date sold (Mo. day, yr.)	(d) Sales price (see instructions)	(e) Cost or other basis (see instructions)	(f) Gain or (loss) Subtract (e) from (d)
8 SEMIBO, INC	8/19/03	5/31/05	5,100.	10,000.	-4,900.
9 Enter your long-term totals, if any, from Schedule D-1, line 9	9				
10 Total long-term sales price amounts. Add lines 8 and 9 in column (d)	10		5,100.		
11 Gain from Form 4797, Part I; long-term gain from Forms 2439 and 6252; and long-term gain or (loss) from Forms 4684, 6781, and 8824	11				218,805.
12 Net long-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1	12				
13 Capital gain distributions. See instructions	13				
14 Long-term capital loss carryover. Enter the amount, if any, from line 13 of your Capital Loss Carryover Worksheet in the instructions	14				
15 Net long-term capital gain or (loss). Combine lines 8 through 14 in column (f). Then go to Part III on page 2	15				213,905.

BAA For Paperwork Reduction Act Notice, see Form 1040 instructions.

Schedule D (Form 1040) 2005

Schedule D (Form 1040) 2005 NESIM BAHAR

Page 2

Part III Summary

<p>16 Combine lines 7 and 15 and enter the result. If line 16 is a loss, skip lines 17 through 20, and go to line 21. If a gain, enter the gain on Form 1040, line 13, and then go to line 17 below.</p>	<p>16</p>	<p>213,905.</p>
<p>17 Are lines 15 and 16 both gains?</p> <p><input type="checkbox"/> Yes. Go to line 18.</p> <p><input type="checkbox"/> No. Skip lines 18 through 21, and go to line 22.</p>		
<p>18 Enter the amount, if any, from line 7 of the 28% Rate Gain Worksheet in the instructions.</p>	<p>18</p>	
<p>19 Enter the amount, if any, from line 18 of the Unrecaptured Section 1250 Gain Worksheet in the instructions.</p>	<p>19</p>	
<p>20 Are lines 18 and 19 both zero or blank?</p> <p><input type="checkbox"/> Yes. Complete Form 1040 through line 43, and then complete the Qualified Dividends and Capital Gain Tax Worksheet in the instructions for Form 1040. Do not complete lines 21 and 22 below.</p> <p><input type="checkbox"/> No. Complete Form 1040 through line 43, and then complete the Schedule D Tax Worksheet in the instructions. Do not complete lines 21 and 22 below.</p>		
<p>21 If line 16 is a loss, enter here and on Form 1040, line 13, the smaller of:</p> <ul style="list-style-type: none"> ♦ The loss on line 16 or ♦ (\$3,000), or if married filing separately, (\$1,500) 	<p>21</p>	
<p>Note. When figuring which amount is smaller, treat both amounts as positive numbers.</p>		
<p>22 Do you have qualified dividends on Form 1040, line 9b?</p> <p><input type="checkbox"/> Yes. Complete Form 1040 through line 43, and then complete the Qualified Dividends and Capital Gain Tax Worksheet in the instructions for Form 1040.</p> <p><input type="checkbox"/> No. Complete the rest of Form 1040.</p>		

Schedule D (Form 1040) 2005

Schedule E (Form 1040) 2005 Attachment Sequence No. 13 Page 2

Name(s) (Do not enter name and social security number if shown on Page 1) Your social security number

NESIM SAHAR

Caution: The IRS compares amounts reported on your tax return with amounts shown on Schedule(s) K-1.

Part II Income or Loss From Partnerships and S Corporations

Note: If you report a loss from an at-risk activity for which any amount is not at risk, you must check the box in column (e) on line 28 and attach Form 6198. See instructions.

27 Are you reporting any loss not allowed in a prior year due to the at-risk or basis limitations, a prior year unallowed loss from a passive activity (if that loss was not reported on Form 5582), or unreimbursed partnership expenses? ☒ Yes ☐ No

If you answered "Yes," see instructions before completing this section.

28	(a) Name	(b) Enter P for partnership; S for S corporation	(c) Check "1" for foreign partnership	(d) Employer identification number	(e) Check if any amount is not at risk
1	ASSET STATEMENT 2				
2					
3					
4					

Passive Income and Loss		Nonpassive Income and Loss	
(f) Passive loss allowed (attach Form 8582 if required)	(g) Passive income from Schedule K-1	(h) Nonpassive loss from Schedule K-1	(i) Section 179 expense deduction from Form 4582
A			
B			
C			
D			
29a Totals			3,267,397.
b Totals		3,865,444.	
30 Add columns (g) and (i) of line 29a			3,267,337.
31 Add columns (f), (h), and (i) of line 29a			-3,865,444.
32 Total partnership and S corporation income or (loss). Combine lines 30 and 31. Enter the result here and include in the total on line 41 below.			-598,107.

Part III Income or Loss From Estates and Trusts

33	(a) Name	(b) Employer ID no.
A		
B		

Passive Income and Loss		Nonpassive Income and Loss	
(c) Passive deduction or loss allowed (attach Form 8582 if required)	(d) Passive income from Schedule K-1	(e) Deduction or loss from Schedule K-1	(f) Other income from Schedule K-1
A			
B			
34a Totals			
b Totals			
35 Add columns (d) and (f) of line 34a			
36 Add columns (c) and (e) of line 34a			
37 Total estate and trust income or (loss). Combine lines 35 and 36. Enter the result here and include in the total on line 41 below.			

Part IV Income or Loss From Real Estate Mortgage Investment Conduits (REMICs) - Residual Holder

38	(a) Name	(b) Employer identification number	(c) Gross income from Schedules Q, line 2c (see instructions)	(d) Taxable income (net loss) from Schedules Q, line 1b	(e) Income from Schedules Q, line 3b
39 Combine columns (d) and (e) only. Enter the result here and include in the total on line 41 below.					

Part V Summary

40 Net farm rental income or (loss) from Form 4835. Also, complete line 42 below (or substitute statement) that you are including on line 2, 10, or 20 (see instructions)	40	
41 Total income or (loss). Combine lines 26, 32, 37, 39, and 40. Enter the result here and on Form 1040, line 17	41	-598,107.
42 Reconciliation of farming and fishing income. Enter your gross farming and fishing income reported on Form 4835, line 7, Schedule K-1 (Form 1065), box 14, code B; Schedule K-1 (Form 1120S), box 17, code N; and Schedule K-1 (Form 1041), line 13, code F (see instructions)	42	
43 Reconciliation for real estate professionals. If you were a real estate professional (see instructions), enter the net income or (loss) you reported anywhere on Form 1040 from all rental real estate activities in which you materially participated under the passive activity loss rules	43	-342,301.

BAA FORM 990-SS 10-04-05 Schedule E (Form 1040) 2005

Separate Form 8879 (990) Attach to your tax return. See separate instructions. Attachment Sequence No. 27

Name(s) (Do not enter name and social security number if shown on Page 1)

NESIM SAHAR

1 Enter the gross proceeds from sales or exchanges reported to you for 2005 on Form(s) 1099-B or 1099-S (or substitute statement) that you are including on line 2, 10, or 20 (see instructions)

Part I Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions From Other Than Casualty or Theft - Most Property Held More Than 1 Year (see instructions)

2	(a) Date sold or exchanged	(b) Gain or (loss) (attach Form 6252)	(c) Date sold or exchanged	(d) Gross sales price	(e) Depreciation allowed or allowable sales acquisition	(f) Cost or other basis, plus improvements and expense of sale	(g) Gain or (loss) (subtract (f) from (d) and (e))
FROM K-1							218,805.
3 Gain, if any, from Form 4684, line 42	3						
4 Section 1231 gain from installment sales from Form 6252, line 26 or 37	4						
5 Section 1231 gain or (loss) from like-kind exchanges from Form 8824	5						
6 Gain, if any, from line 32, from other than casualty or theft	6						

2005	FEDERAL STATEMENTS	PAGE 1																					
CLIENT 7423-01	NESIM BAHAR																						
<p>STATEMENT 1 FORM 1040 WAGE SCHEDULE</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left; border-bottom: 1px solid black;">TAXPAYER - EMPLOYER</th> <th style="text-align: right; border-bottom: 1px solid black;">WAGES</th> <th style="text-align: right; border-bottom: 1px solid black;">FEDERAL W/H</th> <th style="text-align: right; border-bottom: 1px solid black;">FICA</th> <th style="text-align: right; border-bottom: 1px solid black;">MEDI- CARE</th> <th style="text-align: right; border-bottom: 1px solid black;">STATE W/H</th> <th style="text-align: right; border-bottom: 1px solid black;">LOCAL W/H</th> </tr> </thead> <tbody> <tr> <td>ALEXICO MGMT ROCKY 116 LLC</td> <td style="text-align: right;">136,000.</td> <td></td> <td style="text-align: right;">5,580.</td> <td style="text-align: right;">2,175.</td> <td></td> <td style="text-align: right;">36.</td> </tr> <tr> <td style="text-align: right; padding-right: 20px;">GRAND TOTAL</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">136,000.</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">0.</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">5,580.</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">2,175.</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">0.</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">36.</td> </tr> </tbody> </table>			TAXPAYER - EMPLOYER	WAGES	FEDERAL W/H	FICA	MEDI- CARE	STATE W/H	LOCAL W/H	ALEXICO MGMT ROCKY 116 LLC	136,000.		5,580.	2,175.		36.	GRAND TOTAL	136,000.	0.	5,580.	2,175.	0.	36.
TAXPAYER - EMPLOYER	WAGES	FEDERAL W/H	FICA	MEDI- CARE	STATE W/H	LOCAL W/H																	
ALEXICO MGMT ROCKY 116 LLC	136,000.		5,580.	2,175.		36.																	
GRAND TOTAL	136,000.	0.	5,580.	2,175.	0.	36.																	

2005

FEDERAL STATEMENTS

PAGE 2

CLIENT 7423-01

NESIM BAHAR

STATEMENT 2
 SCHEDULE E, PAGE 2
 PART II - INCOME OR LOSS FROM PARTNERSHIPS AND S CORPORATIONS

NAME	TYPE	X IF FOREIGN	EMPLOYER ID. NO.	ANY INVEST. AND AT RISK	PTP	PASSIVE LOSS FROM FORM 9582	PASSIVE INC. FROM SCH. K-1	NONPASSIVE LOSS FROM SCH. K-1	SECTION 179 DEDUCTION	NONPASSIVE INCOME FROM K-1
KISLEV PARTNERS, L.P.	P		98-0174122							\$ 3,756,555.
UPE	P		98-0174122					\$ 29,723.		
SECTION 988 LOSS	P		98-0174122					3,276,681		
120 EAST 90 LLC	P		13-4026408					10,915.		
890 FIRST LLC	P		26-0003452					45,589.		
201 EAST 25 LLC	P		04-3658001							10,782.
200 EAST 27 LLC	P		04-3657991					92,399.		
205-45 LLC	P		41-2036078							
110 WEST 86 LLC	P		27-0080622					57,750.		
BUSINESS INTEREST	P							37,001.		
RINGO RESTAURANT	P		14-1878287							
205 EAST 45 LLC	P		13-4091465					315,386.		
TOTAL						\$ 0.	\$ 0.	\$ 3,865,444.	\$ 0.	\$ 3,267,337.

JAN-24-2008 10:22

05336

05336

P.10/10

TOTAL P.10